

STATE OF UTAH
COMPREHENSIVE HEALTH INSURANCE POOL



FISCAL YEAR 2008 ANNUAL REPORT
TO THE UTAH STATE LEGISLATURE

Jon Huntsman, Jr.
Governor

Douglas Hasbrouck, M.D.
Chairman of the Board

December 18, 2008

Dear Utah State Legislator:

On behalf of the Board of Directors of the Utah Comprehensive Health Insurance Pool (HIPUtah or Pool), I am pleased to present the Fiscal Year (FY) 2008 Annual Report of HIPUtah activities.

In 1991, the state established HIPUtah to specifically address the problem of people with serious medical conditions, such as cancer, diabetes, heart disease, and other chronic illnesses that make them medically uninsurable and, as a result, unable to obtain health insurance at any price. This program is managed by a volunteer Board of Directors ("Board") and administered privately by SelectHealth, pursuant to a competitive bid contract.

The FY 2008 Annual Report contains the following highlights:

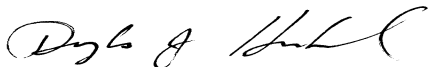
- Executive Summary
- Background
- HIPUtah Mission Statement
- HIPUtah at a Glance
- Financial Statements and Projections
- Profile of Utahns Served

As HIPUtah enters its 18th year of service, it provides health care coverage to approximately 3,621 individuals. These individuals are medically uninsurable and, without the program, are exposed to the risk of catastrophic medical expenses.

HIPUtah enrollment and claim costs continue to increase. Because of this trend, the HIPUtah Board requests that the Legislature strongly consider its continued support in providing adequate funding for HIPUtah to maintain actuarially-based reserves. This will enable the program to continue providing health insurance coverage to this at-risk population in the state.

Thank you for your continued consideration of the people served by this important program. You may direct follow-up inquiries about this report to HIPUtah's Executive Director, Tomi Ossana, at (801) 485-2830.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Hasbrouck", written in a cursive style.

Douglas Hasbrouck, M.D.
HIPUtah Board Chair

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EXECUTIVE SUMMARY

FY Ending June 2008

The Utah Comprehensive Health Insurance Pool (HIPUtah) continues to serve as an important safety net for individuals who have been denied health insurance coverage because of their medical status. HIPUtah covered 3621 “high risk” individuals as of June 30, 2008, most with complex or chronic health conditions.

The nature of high risk pools, such as HIPUtah, is to offer health coverage primarily to uninsurable persons. The normal mix of healthy, or insurable, persons is missing from the risk pool membership. Because of the heavy concentration of persons with chronic conditions, and the necessity of charging members premiums that are less than the actual experience of the group, risk pools will always produce annual losses. Unlike private health insurers, the business of risk pools is not to make a profit, but to provide coverage and pay the claims of their high risk members.

KEY FACTS AND FIGURES

Created	1990 Legislature
Purpose	Provide reasonable access to health insurance for Utahns who are uninsurable
Began Operations	September 1991
Operated By	Volunteer Board, Contracted Management and Administration
Enrollment	3,621 Members as of June 30, 2008

Total Revenue	\$30,982,024	%	Total Expenses	\$27,778,342	%
Premiums	\$18,737,059*	60%	Medical Claims	\$21,020,721	76%
Appropriations	\$10,800,000	35%	Pharmacy Claims	\$ 4,975,192	18%
Others	\$ 1,444,965	5%	Administration	\$ 1,782,429	6%

* Includes \$1.5 million of federal grant dollars for premium assistance.

Claim Costs 07/01/2007 – 06/30/2008		
<i>Average cost per enrollee</i>		
Medical Claims	\$21.0 Million	\$5,982
Pharmacy Claims	\$ 4.9 million	\$1,416
Total Claims	\$25.9 Million	\$7,398

Top Diagnoses and Drug Therapies

- Top diagnoses by medical claim costs were related to the treatment of nervous and immunity systems.
- Top drug by pharmacy claims costs were for the central nervous system.

Care Management & Cost Containment

- 2743 utilization management specialty reviews; 1,339 case management and disease management cases.
- Provider Network savings: \$11,203,313.
- Pharmacy Network savings: 48 interventions for an average of \$2,275 for a total of \$109,247.

Benefit Plans

- Largest enrollment at year-end was in the \$500 deductible plan.
- Fastest growing plan was the \$5,000 high deductible health plan.

ACCOMPLISHMENTS

- Sustained reduction in administrative fees on a per member per month (PMPM) basis and improved discount rates on HIPUtah's provider network due to administrative services being provided by SelectHealth. Savings are estimated to be approximately \$4.5 million per year; \$22.7 million over the 5 year period of the contract.
- Increased premiums, overall, by 6 percent for FY 2009.
- Better than anticipated year as a result of slowing of enrollment growth, loss of Ryan White and Medicare eligibles, and the introduction of the high deductible health plan offered to enrollees.
- Received continued funds from the Federal Grant for FY 2008 which allows for the continuation of our premium assistance program, implemented in January 2007.
- Implemented 2008 Legislative changes which included increasing the eligibility requirement debit points from 44 to 99.
- Assisted over 600 HIPUtah Enrollees under the Premium Assistance Subsidy Program.
- Worked with SelectHealth to provide a disease management program that focuses on a number of higher cost medical conditions such as asthma, cholesterol management, diabetes, depression management, and hypertension management. The disease management program has designed interventions for patients with these medical conditions working with their providers. These interventions have resulted in increased compliance with recommended treatments.

BACKGROUND

HISTORY AND PURPOSE OF POOL

HIPUtah plays three roles in the state of Utah:

I. HIPUtah makes it possible for individual Utahns with an uninsurable medical condition to purchase insurance.

In 1991, the state established the Utah Comprehensive Health Insurance Pool (HIPUtah), 31A-29-101 et. seq., to specifically address the problem of people with serious medical conditions, such as cancer, diabetes, heart disease, and other chronic illnesses, that make them medically uninsurable and, as a result, unable to obtain medical insurance at any price.

HIPUtah is a state-subsidized high risk insurance pool. The idea behind the Pool is to run it like any other insurance company, with two exceptions:

- Only uninsurable individuals and HIPAA eligible individuals are accepted into the Pool; and
- The state subsidizes costs not covered by premiums.

Health underwriting criteria, set by the Utah Insurance Department at three hundred and twenty-five percent (325%) of the expected claims cost of an average person, were developed to determine eligibility for the Pool.

Premiums for the Pool are based on two principles: (1) premiums should exceed what would be available in the private health insurance market (private market) to help cover the unusually high costs of these uninsurable individuals; and (2) premiums are imposed on a per person basis. While it is true that high premiums make it difficult for many Utahns to participate, HIPUtah makes the possibility of health insurance coverage a reality for those with uninsurable conditions who were denied such coverage in the past.

II. HIPUtah satisfies federal requirement of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA Portability”).

HIPAA portability requires states to guarantee that a person can obtain an individual health insurance policy if that person loses coverage under an employer group policy, regardless of health condition. Utah complies with this requirement in two ways: (1) HIPUtah accepts all HIPAA-eligible individuals, regardless of health condition; and (2) in accordance with state law, guarantees an individual policy is available through the private market if the person is considered healthy in accordance with Utah Code Ann., 31A-30-108, as demonstrated below.

HIPUtah is a required component of the State of Utah’s alternative mechanism for HIPAA portability which assures individuals the opportunity to obtain health insurance. This protects Utah’s individual market from the extra costs associated with uninsurables entering the individual market from group coverage.

III. HIPUtah is an important link in the overall well-being of the individual and small group insurance markets.

In 1997, the Legislature passed SB 60, codified as Utah Code Ann., §31A-30-108. This legislation guaranteed that any individual could purchase health insurance, regardless of health condition. Section 31A-30-108 divided the individual insurance market into two groups: (1) those who qualified for HIPUtah because they were considered uninsurable; and (2) those that were healthy enough to be absorbed into the private market. Section 31A-30-108 then required the private market to cover any person who was healthy enough to be in the private market.

Section 31A-30-108 represents a monumental commitment on the part of the state and the private insurance market to guarantee that every Utahn is able to get health insurance through either the private market or HIPUtah.

Ultimately, the commitment of the private health insurance market to Section 31A-30-108 turns on the willingness of the state to fund HIPUtah at an appropriate level because funding determines the line between those eligible for HIPUtah and those with automatic coverage in the private market.

Without such a commitment, the private market would have had to absorb a disproportionate number of uninsurables - - the result of which would have likely increased premiums and possibly even destabilized the individual market as a whole.

STRUCTURE AND ADMINISTRATION OF THE POOL

HIPUtah is a nonprofit entity within the Utah Insurance Department. The Insurance Department has regulatory oversight of HIPUtah and approval authority for the Plan of Operations.

Board of Directors

HIPUtah is managed by a Board of Directors (“Board”) under Legislative and Insurance Department authority. The Board is voluntary, appointed by the Governor and serves without compensation. The Board has rule-making authority, can set premium rates, and define underwriting and program management guidelines. The Board members and key staff are identified in Appendix I; an Organizational Chart is attached as Appendix II and outlines HIPUtah’s interaction with State Government.

Executive Director & Other Contractors

Additionally, the Board chooses administrative support for the program. A full-time contracted Executive Director oversees the day-to-day operations for the Pool, augmented with consulting services. HIPUtah engages a consulting actuary and an underwriting auditor. The State of Utah provides accounting, legal, audit and program evaluation support.

Administration

As of July 1, 2005, SelectHealth has provided administrative services for HIPUtah. The Administrator serves for a period of three (3) years with two one-year extension options, subject to the terms, conditions, and limitations of the contract between the Board and the administrator. The board has voted to extend the administrative contract for the two one year extensions.

HIPUTAH MISSION STATEMENT

HIPUtah is a health insurance program for the uninsurable that provides access to quality health care and is to be administered on a fiscally sound basis.

GOALS

1. Maintain financial solvency within the budgetary parameters provided by the State of Utah.
2. Maintain or lower the uninsured/uninsurable population in the State of Utah.
3. Provide flexible product offerings to meet the insurance needs of a diverse population.
4. Educate legislators, the general public and other key constituencies about the role HIPUtah plays within the overall health care financing system.
5. Assess the health care needs of HIPUtah enrollees and implement effective healthcare management programs as appropriate.
6. Maintain status as the State's Alternative Mechanism for HIPAA eligibles.
7. Research additional funding mechanisms for HIPUtah.

OBJECTIVES

HIPUtah's core strategic considerations for 2008-2009 are as follows:

1. Assessment of Executive Directors role.
2. Continue evaluating HIPUtah's structure including the benefit plan(s), the underwriting and actuarial analysis to ensure that applicants are appropriately placed in the pool, the relationship to Utah's private insurance carriers, and the assurances that reserves are maintained at an appropriate level.
3. Develop plans to assure optimal access, financial resources, and public support to grow the program.
4. Implement 2009 Legislative Changes that affect HIPUtah.
5. Conduct an external evaluation on the scope of work in the administrator's contract.
6. Improve enrollee health cost and life quality by working with the administrator or other
7. esources to develop long term case and disease management programs for conditions such as asthma, congestive heart failure, and diabetes.
8. Implement mechanisms to increase access to health insurance for the uninsurable including premium level adjustments, low-income subsidies, and coverage for special risk families.
9. Assessment of Executive Directors role.

HIPUTAH AT A GLANCE

FINANCIAL

- HIPUtah received a total of \$10.8 million in appropriations for FY 2008 and \$10.8 million for FY 2009.
- Since 1991, HIPUtah has paid approximately \$176 million in benefits for enrollees.
- The average HIPUtah enrollee paid an annual premium of \$5,333 in FY 2008 for these benefits in addition to deductibles and coinsurance.
- Enrollee premiums have covered almost 67% of the claims costs and administrative costs since the inception of the HIPUtah program.
- Premiums were increased by 6% on July 1, 2008. A HSA qualified high deductible health plan was also implemented on July 1, 2006. The average expected yearly premium for FY 2009 is \$5,451. Enrollment and choice of plan may cause that average to change.
- About 5.2% of program cost in FY 2008 was funded by investment income.
- Costs are kept relatively low in Utah, compared to other states, due to the program's simple and effective administration. Administrative expenses for HIPUtah remain low, at 6% of total expenses in FY 2008.
- Federal Grant funds provided \$1.5 million in FY 2008 to provide premium assistance to over 600 HIPUtah Enrollees.

ENROLLMENT

- HIPUtah provides individual health insurance for the medically uninsurable and HIPAA eligibles.
- About 35% of HIPUtah's current enrollees are HIPAA eligible.
- The HIPUtah program has received over 16,100 applications since its inception with approximately 14,700 approved.
- By the end of FY 2008 there were 3,621 enrollees.
- Growth has been steady through FY 2008. (See Exhibit F).
- Enrollment growth during FY 2008 was about 7.1%. In FY 2008, there were 2,485 more member months covered than in FY 2007, or an average of 207 more people.
- In FY 2008, 62% of HIPUtah enrollees had coverage for less than three years.

HIPUTAH CHALLENGES

- **AFFORDABILITY:** Enrollee premium costs range from \$1,716 to \$10,008 per year. Some individuals are priced out of the market. The largest percentage of HIPUtah cancellations are due to cost. Future premiums are expected to increase at medical trend.
- **GROWTH:** Continuing growth of covered individuals will require the Board to carefully monitor program utilization and financial performance to ensure the program's admirable record of stability.
- **ACCESSIBILITY:** HIPUtah will continue with efforts to assure awareness, ease of application, and utilization to all residents in the State of Utah who are in need and would benefit from the HIPUtah program.
- **RESPONSIVENESS:** Changes in policy (HIPAA), availability of federal grants, health conditions and treatment, underwriting and the individual market require HIPUtah to continuously re-evaluate its plans.
- **EFFECTIVENESS:** The Board continuously examines the role and effectiveness of HIPUtah. This process considers strategic issues, operational plans, underwriting guidelines, and changes in benefits or plan design.
- **COMMUNICATIONS:** HIPUtah has implemented marketing improvements to enhance visibility of the program and its benefits including updated program materials, brochures and newsletters to reach consumers. Methods to increase public and legislative understanding of HIPUtah's role in the community and the health care industry are currently in place.
- **DISEASE MANAGEMENT:** Many HIPUtah enrollees have chronic and costly conditions. Asthma, congestive heart failure, diabetes and other chronic illnesses can dramatically impact cost and life quality. The HIPUtah Board has implemented a disease management program through the administrator.
- **UNDERWRITING:** HIPUtah continues to evaluate its underwriting criteria to ensure that applicants are appropriately in the Pool. An external auditor reviews the system, including a study of the relationship between the "point system" and claims cost to evaluate underwriting effectiveness.

FINANCIAL STATEMENTS AND PROJECTIONS

FY 2008 FINANCIAL REVIEW

The Utah Legislature appropriated \$10.80 million to *HIPUtah* for fiscal year 2008. This was done in order to keep *HIPUtah* financially sound and to continue the effort to maintain *HIPUtah*'s net asset reserves at an adequate level.

The net assets of *HIPUtah* increased \$3.20 million or 11.49 percent from \$27.84 million at June 30, 2007, to \$31.04 million at June 30, 2008. This increase in net assets was primarily due to funding from state appropriations exceeding operating losses.

HIPUtah continues to have operating expenses greater than premium revenue. However, the operating loss of \$10.55 million in fiscal year 2008 exceeded the prior year amount by \$4.22 million. The main reason for the increased loss was that the average drug and medical claim costs per person per month during fiscal year 2008 increased 12.0 percent from the prior year. One reason for the higher claim trend in fiscal year 2008 was that fiscal year 2007 claims were lower than in fiscal year 2006. Due to the nature of high risk pools like *HIPUtah*, which covers the uninsurables of the State of Utah, there can be large variations in the average claim costs from year to year. This is not unusual for a small population such as *HIPUtah*. The increase in claim cost per enrollee was less than market medical trends, due to increased enrollment in *HIPUtah*'s higher deductible plans.

Another reason for the increase in operation loss from the prior year is that premiums paid by enrollees decreased by \$1.51 million due to the Low Income Premium Waiver Program. These premiums were waived by *HIPUtah* for qualifying lower income enrollees and funded by monies received from a federal grant.

As a result, this program decreased, *HIPUtah*'s operating revenues but increased non-operating revenues due to the classification of grant subsidies as non-operating revenue in accordance with governmental accounting standards.

HIPUtah enrollment also increased. Enrollment was 3,377 in June 2007. By June 2008, enrollment had increased to 3,621 a 7.40 percent increase from the prior year. In comparison, enrollment for fiscal year 2007 had increased only 3.40 percent from the prior year. This was another reason for the larger operating loss in fiscal year 2008.

An overall increase in premiums of approximately 5.0 percent was implemented on July 1, 2007. This was done to help cover increases in drug and medical costs. On July 1, 2006, *HIPUtah* introduced a \$5,000 qualified High Deductible Health Plan (HDHP) to help retain lower cost enrollees. At the end of fiscal year 2008, 1,051 out of 3,621 enrollees chose to move to the HDHP. Due to this movement after the premium increase, the average premium actually paid decreased 0.8 percent during fiscal year 2008. Enrollee premiums and premium assistance from a federal grant covered 67.46 percent of claims and administrative costs for fiscal year 2008.

Following is information regarding HIPUtah's appropriations, premiums vs. claims, FY 2008 balance sheet and statement of revenues, expenses and changes in retained earnings:

APPROPRIATIONS through June 30, 2008

YEAR	AMOUNT	YEAR	AMOUNT
1991	\$ 75,000	2002	\$ 3,009,500
1992	\$ 2,000,000	2003	\$ 2,916,200
1993	\$ 2,000,000	2004	\$ 6,916,200
1994	\$ 2,000,000	2005	\$16,203,900
1995	\$ 1,250,000	2006	\$16,203,900
1996	-0-	2007	\$11,000,000
1997	-0-	2008	\$10,800,000
1998	\$ 5,000,000	2009	\$10,800,000
1999	\$ 4,135,100		
2000	\$ 3,135,100		
2001	\$ 3,135,100		

SUMMARY of PREMIUMS (Earned), CLAIMS (Incurred) and EXPENSES
From September 1, 1991 – June 30, 2008

FISCAL YEAR:	PREMIUM:	CLAIMS & EXPENSES:	LOSS RATIO:	OPERATING LOSS:
1992	\$ 466,987	\$ 484,476	1.04	\$ (17,489)
1993	\$ 1,171,208	\$ 1,623,721	1.39	\$ (452,513)
1994	\$ 1,692,605	\$ 2,906,036	1.72	\$ (1,213,431)
1995	\$ 2,122,528	\$ 3,003,753	1.42	\$ (881,225)
1996	\$ 1,859,852	\$ 4,145,815	2.23	\$ (2,285,963)
1997	\$ 1,734,669	\$ 3,767,283	2.17	\$ (2,032,614)
1998	\$ 2,361,512	\$ 4,698,388	1.99	\$ (2,336,876)
1999	\$ 3,268,968	\$ 5,354,483	1.64	\$ (2,085,515)
2000	\$ 3,987,621	\$ 5,331,636	1.34	\$ (1,344,015)
2001	\$ 6,715,025	\$ 9,472,910	1.41	\$ (2,757,885)
2002	\$ 6,683,034	\$11,462,634	1.72	\$ (4,779,600)
2003	\$ 9,303,748	\$17,423,778	1.87	\$ (8,120,030)
2004	\$12,262,206	\$22,604,179	1.84	\$ (10,341,973)
2005	\$14,683,781	\$24,075,043	1.64	\$ (9,391,262)
2006	\$16,734,281	\$22,783,059	1.36	\$ (6,048,778)
2007	\$17,958,543	\$24,050,924	1.34	\$ (6,092,381)
2008	\$18,737,059	\$27,778,342	1.48	\$ (9,041,283)
Since Inception:	\$121,743,627	\$190,966,460	1.57	\$ (69,222,833)

BALANCE SHEET
June 30, 2008 (audited)

ASSETS:		LIABILITIES:	
Cash and Cash Equivalents	\$34,547,062	Benefit Claims Liability	\$2,629,159
Premiums A/R	12,261	Unearned Premiums	240,166
Benefit Claims Refunds	<u>8,767</u>	Accounts Payable	<u>656,188</u>
Total Assets	<u>\$34,568,090</u>	Total Liabilities	<u>\$3,525,513</u>
NET ASSETS:		<u>\$31,042,577</u>	

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
June 30, 2008(audited)

	FY 2008	FY 2007
Operating Revenues:		Comparative only
Charges for Premiums	\$17,227,327	\$17,716,726
Total Operating Revenue	<u>17,227,327</u>	<u>17,716,726</u>
Operating Expenses:		
Program Administrative Fees	1,594,974	1,510,676
Benefit and Drug Claims and Changes in Actuarial Estimates	25,995,913	22,383,186
Other Professional and Technical Services	<u>187,455</u>	<u>157,062</u>
Total Operating Expenses	<u>27,778,342</u>	<u>24,050,924</u>
Total Operating Loss	<u>(10,551,015)</u>	<u>(6,334,198)</u>
Non-Operating Revenues (Expenses):		
Investment Income	1,444,965	1,530,536
Federal Grant for Low Income Premium Waiver Program	<u>1,509,732</u>	<u>241,817</u>
Appropriations from the State of Utah	<u>10,800,000</u>	<u>11,000,000</u>
Claims Settlement		<u>(20,000)</u>
Total Non-Operating Revenues (Expenses)	<u>13,754,697</u>	<u>12,752,353</u>
Change in Net Assets	3,203,682	6,418,155
Total Net Assets – Beginning	<u>27,838,895</u>	<u>21,420,740</u>
Total Net Assets – Ending	<u>\$31,042,577</u>	<u>\$27,838,895</u>

FY 2009 OUTLOOK

Consistent with the statutory requirement that HIPUtah be adequately funded to maintain operations, the HIPUtah Board is requesting a three-year ongoing funding level increase in the amount of \$1.5 million. This will help HIPUtah achieve a six-month reserve level by the end of fiscal year 2012, as determined using a 0.8 percent per month enrollment increase scenario. The requested amount of funding to maintain a six month level at the end of fiscal year 2010 is \$12.3 million. Unfortunately due to the cut in HIPUtah's fiscal year 2010 budget of \$800,000 that occurred in the Legislative Special Session in September of 2008 the projected reserve level would only be four-months.

The additional funding of \$1.5 million is an on-going request above the current \$10.0 million base budget for the next three years. If no increase is requested now, the amount will only have to be made up in later years for larger amounts. In the past, HIPUtah has had to negotiate to have appropriations increased from \$2.9 million (2003) to \$16.2 million (2005), to maintain its solvency.

The primary cost drivers for HIPUtah are enrollment growth and medical cost trend. The \$1.5 million request equals an increase of 14% which is somewhat less than the 17% long run medical trend and enrollment growth assumption.

There has not been an increase to HIPUtah's funding for over three years and medical trend is projected to produce an \$11 M operating loss for FY 2009. The current funding level cannot keep up with enrollment and medical trend growth. For the next two years the projection on reserves is either above or about six months. For the third year projection the month of reserves is below the six month reserve mark.

Additional information to support the request:

- FY 2008 experience is consistent with projection assumptions.
- Reserve months have peaked in FY 2008 and will continue to go down (In FY 2008 HIPUtah lost three months of reserves in just two months due to a spike in medical claims showing how volatile the reserve level is).
- Effect of the economic downturn is beginning and HIPUtah is hardest hit during recessions.

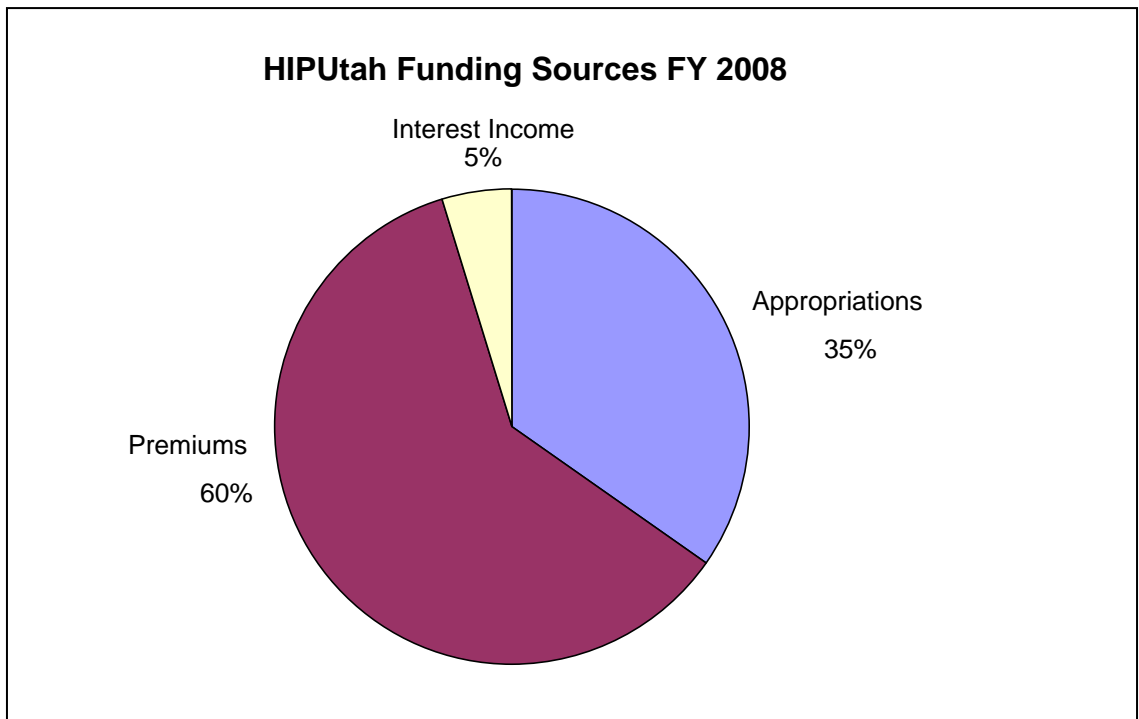
HIPUtah's medical costs, drug costs and enrollment are expected to continue to increase during fiscal year 2009. Enrollment as of June 2008 was 7.40 percent higher than the enrollment as of June 2007, and the pool is expected to grow at a 10.0 percent rate during fiscal year 2009. Medical and drug costs are expected to continue to increase during fiscal year 2009 at about 8.5 percent. The expected increase is due to price and utilization increases together with normal medical inflation. Another cause of these rising costs is the increased use of costly technology, which provides more medical care for extremely ill patients prior to their recovery or death.

State appropriations together with member premiums during fiscal year 2008 covered incurred claims and were sufficient for HIPUtah's net assets to attain the recommended six month net asset reserve level to cover unpredictable claim cost fluctuations. The *Budgetary Procedures Act* was amended in 2004 to help provide guidelines in adopting a budget for HIPUtah each year (see *Utah Code* Section 63J-1-201). Now, according to statute, HIPUtah funding should be based on sound actuarial data and appropriate management of future risk.

The Utah Legislature increased *HIPUtah's* funding in the past in an effort to build up *HIPUtah's* net asset reserve level. *HIPUtah* ended fiscal year 2008 with \$31.04 million in net assets, which represents a 14.33 month reserve level. The total amount appropriated by the Utah Legislature for fiscal year 2009 was \$10.8 million, which was the same as for fiscal year 2008. With this appropriation, *HIPUtah* is projected to have a 12.92 month reserve level at the end of fiscal year 2009.

In addition to the increase in state appropriations for *HIPUtah*, the Board has taken action to increase funding received through premiums and federal grants. The Board has also taken affirmative steps to decrease administrative costs. Effective July 1, 2008, an overall premium increase of 6.00 percent was implemented. *HIPUtah* will continue to provide subsidies from federal grant funds for *HIPUtah* enrollees under the Premium Assistance Subsidy program during fiscal year 2009 and part of fiscal year 2010. *HIPUtah* will maintain its contract with SelectHealth which has resulted in lower administrator fees on a per member per month basis and has provided a better discount on the medical and drug provider network used by *HIPUtah*.

In fiscal year 2009, *HIPUtah* received a continuation of its federal grant in the amount of \$1.39 million from the Centers of Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services. To date, *HIPUtah* has received a total of \$3.81 million. Due to this grant, *HIPUtah* will maintain its Premium Assistance Subsidy program until funds are depleted or other mechanisms to maintain this program are determined. In fiscal year 2008, \$1.51 million of this grant was spent on the Low Income Premium Waiver program. The remainder of the grant must be expended by December 31, 2009.



FINANCIAL PROJECTIONS

HIPUtah routinely re-forecasts its financial performance based on current experience, which ensures that reserves are appropriate for this high-risk population. With no change in the program, the Board projects enrollment to increase by 10 percent for FY 2009, FY 2010, and FY 2011 reflecting projected long-term program experience.

	Projected FY 2009	Projected FY 2010	Projected FY 2011
OPERATING REVENUE			
Charges for Premiums	\$ 19,611,985	\$ 23,916,960	\$ 29,589,949
Total Operating Revenue	<u>19,611,985</u>	<u>23,916,960</u>	<u>29,589,949</u>
OPERATING EXPENSES			
Administration Fees	2,002,546	2,225,603	2,473,258
Benefit and Drug Claims, Including Change in Claims Liability	<u>28,803,450</u>	<u>34,767,451</u>	<u>41,505,211</u>
Total Operating Expenses	<u>30,805,996</u>	<u>36,993,054</u>	<u>43,978,469</u>
Operating Loss	<u>(11,194,011)</u>	<u>(13,076,094)</u>	<u>(14,388,520)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest on Investments	1,589,588	1,687,728	1,617,903
Appropriations from the State of Utah	10,800,000	10,000,000	10,000,000
Federal Grant for Premium Assistance Subsidy	1,184,897	869,486	
Total Non-operating Revenues (Expenses)	<u>13,574,485</u>	<u>12,557,214</u>	<u>11,617,903</u>
 Change in Net Assets	 2,380,474	 (518,880)	 (2,770,617)
 Total Net Assets - Beginning	 <u>31,042,577</u>	 <u>33,423,051</u>	 <u>32,904,171</u>
 Total Net Assets - Ending	 <u>\$ 33,423,051</u>	 <u>\$ 32,904,171</u>	 <u>\$ 30,133,554</u>

FY 2009 premium rate represents an overall 6% increase in 7/01/08, 10% annual enrollment growth.

KEY FACTORS USED IN FINANCIAL PROJECTIONS

Membership

HIPUtah's Consulting Actuary is projecting an annual enrollment growth of 10%.

Medical Cost Trend

Health care inflation or trend is continuing at very high levels. HIPUtah's projected annual trend for medical and pharmacy combined is 8.5%. This is comparable to the trend experienced by some domestic insurers. It is possible that the trend for HIPUtah members could exceed this number. This increased trend is based on current claims experience, the reports of rate increases in the market, increased use of high technology services, and the rapid growth of overall pharmacy costs.

Premium & Investment Income

Premiums for HIPUtah were increased 6% overall as of July 1, 2008. HIPUtah is required by statute to evaluate premium rates each July as compared to the average increase of the five largest carriers of small employer coverage in the state. Premiums may also be reviewed each January. Premium projections assume a 6% increase for FY 2009 and an 8.5% for FY 2010 and 2011. Investment income earnings are projected to be about \$1.6 million annually.

Administration

Administrative costs for the program average \$37.70 per member per month for claims administration, medical management, underwriting, disease management and other administrative services. Program management and consultant fees are projected at \$168,000 for FY 2009 and \$202,000 for FY 2010.

PROFILE OF UTAHNS SERVED

WHO NEEDS HIPUTAH?

Since becoming operational in 1991, HIPUtah has served as an important insurance option for those Utahns who have been turned down by the private insurance market for individual coverage due to an uninsurable health condition. HIPUtah also helps insurers' stability in the private insurance market. There are many different circumstances that cause Utahans to turn to HIPUtah. Such circumstances include:

- Self-employed individuals who want insurance but are rejected due to an uninsurable health condition;
- HIPAA-eligible individuals (generally, persons leaving employer group coverage);
- Individuals reaching lifetime maximums in their insurance policies;
- Individuals reaching lifetime maximums in their employer's self-insured plans;
- Individuals working for an employer who does not offer health insurance benefits;
- Individuals waiting for employer coverage while fulfilling a probationary employment period;
- Changes in self-insured employer or union plans (coverage for retirees under 65 years of age);
- Former employees of bankrupt companies;
- Some recipients of Ryan White Funding (also known as AIDS Drug Assistance Programs); and
- Spouses and dependents of employees whose employer does not offer dependent health care coverage.

BENEFIT PLANS AND RATES

Comparison of Benefit Plans July 1, 2008

BENEFITS	Option 1	Option 2	Option 3	Option 4 HDHP
Calendar Deductible	\$500	\$1,000	\$2,500	\$5,000
Out-of-Pocket Maximum	\$2,000	\$3,000	\$6,000	\$5,000
Calendar Year Maximum	\$300,000	\$300,000	\$300,000	\$300,000
Lifetime Maximum	1.5 million	1.5 million	1.5 million	1.5 million
Inpatient Hospitalization	20%	20%	20%	0%
Out-Patient Care				
• Office Visits (physician, specialists, consultant)	20%	20%	20%	0%
• Preventive Office Visits	0%*	0%*	0%*	0%*
• Lab/X-ray	20%	20%	20%	0%
• Outpatient Surgery	20%	20%	20%	0%
• Eye exams	Not Covered	Not Covered	Not Covered	Not Covered
• Chiropractic Care	Not Covered	Not Covered	Not Covered	Not Covered
Prescription Drugs				
• Deductible	\$150	\$250	\$500	**
• Coverage – Three tiered				
Tier 1	\$5 Copay	\$5 Copay	\$5 Copay	0%
Tier 2	25%	25%	25%	0%
Tier 3	50%	50%	50%	0%
Emergency	20%	20%	20%	0%
Ambulance	20%	20%	20%	0%
Mental Health				
• Inpatient (10 days)	20%	20%	20%	0%
• Outpatient (20 visits)	20%	20%	20%	0%
Transplants	20%	20%	20%	0%
Skilled Nursing Facility Care	20%	20%	20%	0%
Hospice	20%	20%	20%	0%
Waiting Periods				
Pre-existing Waiting Period	Six Months	Six Months	Six Months	Six Months
Maternity Waiting Period	Ten Months	Ten Months	Ten Months	Ten Months

- Waiting Periods not applicable to HIPAA eligibles.
- Deductible must be met before coinsurance applies.
- Medical deductible is included in the out-of-pocket maximum.
- Option 4 meets the requirements for a Health Savings Account (HSA)
- After satisfying the Calendar Year Maximum Coinsurance amount, HIPUtah will pay 100% of Eligible Medical Expenses in that Calendar Year if Covered Services are provided by a Participating Provider.
- * First dollar coverage for Preventive Services.
- ** All Prescription Drug charges count towards the Calendar Deductible.

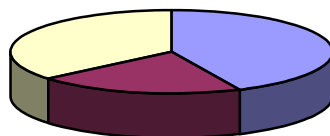
**Utah Comprehensive Health Insurance Pool Rates
(HIPUtah)**

**Effective July 1, 2008
Individual Monthly Premiums**

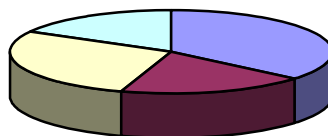
Plan Age	Option 1 \$500 Deductible	Option 2 \$1,000 Deductible	Option 3 \$2,500 Deductible	Option 4 \$5,000 Deductible
Under 21	\$311	\$271	\$208	\$151
21-25	\$334	\$291	\$223	\$163
26-30	\$386	\$336	\$258	\$188
31-35	\$455	\$395	\$306	\$223
36-40	\$483	\$422	\$324	\$236
41-45	\$518	\$440	\$338	\$245
46-50	\$603	\$512	\$394	\$285
51-55	\$682	\$580	\$446	\$323
56-60	\$801	\$687	\$529	\$405
61-64	\$884	\$749	\$578	\$454

ENROLLMENT BY HEALTH BENEFIT PLAN
Percentage of Enrollees in HIPUtah: FY 2006 to FY 2008*

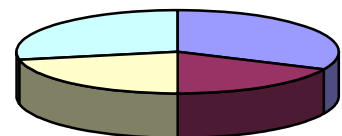
<u>2006</u>	<u>2007</u>	<u>2008</u>
3,256 Enrollees	3,343 Enrollees	3,621 Enrollees
43% - \$500 Deductible	36% - \$500 Deductible	32% - \$500 Deductible
21% - \$1,000 Deductible	19% - \$1,000 Deductible	18% - \$1,000 Deductible
36% - \$2,500 Deductible	28% - \$2,500 Deductible	22% - \$2,500 Deductible
Not Applicable	17% - \$5,000 Deductible	28% - \$5,000 Deductible



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000

*Numbers rounded to nearest percentage

*Average membership over the year

MEMBER PROFILE

Under Appendix III, the accompanying Exhibits A through G profile the age, gender, residence, medical condition, enrollment, household income of HIPUtah enrollees and their utilization of medical services. Their characteristics suggest that we are serving adult, employed Utahns with chronic and serious medical conditions who live throughout the state. In summary:

- HIPUtah enrollees reside throughout Utah in close proportion to total population distribution by county. (See Exhibit A.)
- Musculoskeletal system, immunity systems, and circulatory system diseases plus mental disorders are the most prevalent qualifying health conditions among HIPUtah enrollees. These health problems alone are responsible for over 50% of the HIPUtah membership. (See Exhibit B.) These health problems are prevalent in Utah and comprise the major diseases of enrollees in other state risk pools.
- HIPUtah enrollees have various income levels. Thirty-nine percent of the enrollees have an annual income of \$40,000 or below. (See Exhibit C.) Seven and half percent of the HIPUtah enrollees make under \$10,000 per year; the average premium paid is \$444 per person per month for an annual total of \$5,328; which represents over 50% of their annual income. (See Exhibit C.)
- Females comprise 60% while males comprise 40% of HIPUtah enrollees. (See Exhibit D.)
- Most enrollees are over 40 years of age. Approximately 8.8% of all enrollees are children through age 19. (See Exhibit E.)
- HIPUtah enrollment has grown steadily since enrollment began in September 1991. (See Exhibit F.) The Board's objective has been to allow steady growth, which reflects accessibility to the Pool, while being fiscally responsible. Capping enrollment today would have major consequences in the individual and small group private market.
- The percent of utilization by benefit for the HIPUtah Pool is as follows: (See Exhibit G.)

Benefit	7/2007-6/2008	7/2006-6/2007	7/2005-6/2006	1/2005-12/2005	1/2004-12/2004
Drugs	20%	23%	24%	25%	26%
Inpatient	27%	27%	25%	28%	30%
Professional	20%	18%	19%	30%	27%
Outpatient	33%	32%	32%	18%	17%

CATASTROPHIC CASES

In FY 2008 there were 43 catastrophic cases out of the HIPUtah enrollees. An enrollee is considered to be a catastrophic case when claim payments exceeded \$75,000 in a given year. This represents approximately .06% of the membership and 23% of health care expenditures, or \$5,983,695. The average cost per catastrophic case was \$139,156. (See Exhibit G.) These enrollees have highly complex or ongoing medical needs. Case managers are assigned to these cases and help enrollees understand their benefits, work with their medical providers, arrange needed care and identify help in the community.

APPENDIX I

HIPUTAH BOARD AND ADMINISTRATIVE SUPPORT

HIPUTAH BOARD

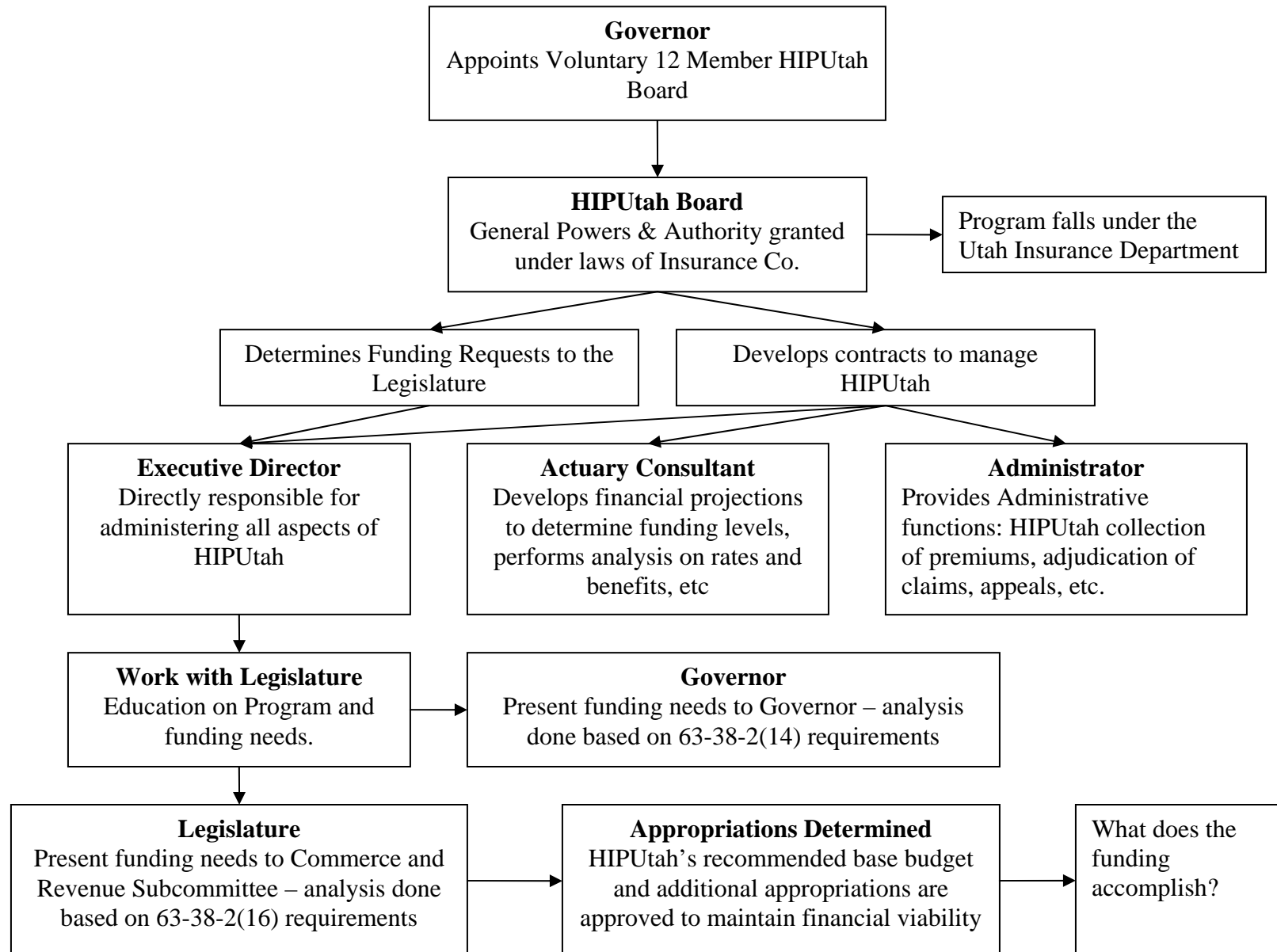
MICHAEL BAHR , CEO Altius Health Plans (Health Maintenance Organization Representative)	MATTHEW MINKEVITCH , Executive Director The Road Home (Employer Representative)
VICTOR GIBB , Chief Legal Counsel DMBA (Health Insurance Company Representative)	BYRON T. OKUTSU , Director of Managed Care University Health Care (Hospital Representative)
DOUGLAS HASBROUCK, M.D. Assistant Medical Director Regence BlueCross BlueShield Chairman of the Board (Physician Representative)	ROBERT PERRY , President Perry Financial Group (Producer, Accident & Health Representative)
ELIZABETH S. HUNTER , Outreach & Adult Education Coordinator Cathedral Church of St. Mark (General Public Representative)	DAVID SUNDWALL , Executive Director Department of Health (Or his Designee)
IRENE LINK , President Link Communication (Person Expected to Qualify for HIPUtah)	RANDALL R. SMART , Attorney Smart, Schofield, Shorter, & Lunceford (Parent of Child Expected to Qualify for HIPUtah)
KENT MICHIE , Insurance Commissioner Utah Insurance Department (Or his Designee)	ANDY GALANO , President/CEO Educators Mutual (Health Insurance Company Representative)

ADMINISTRATIVE SUPPORT

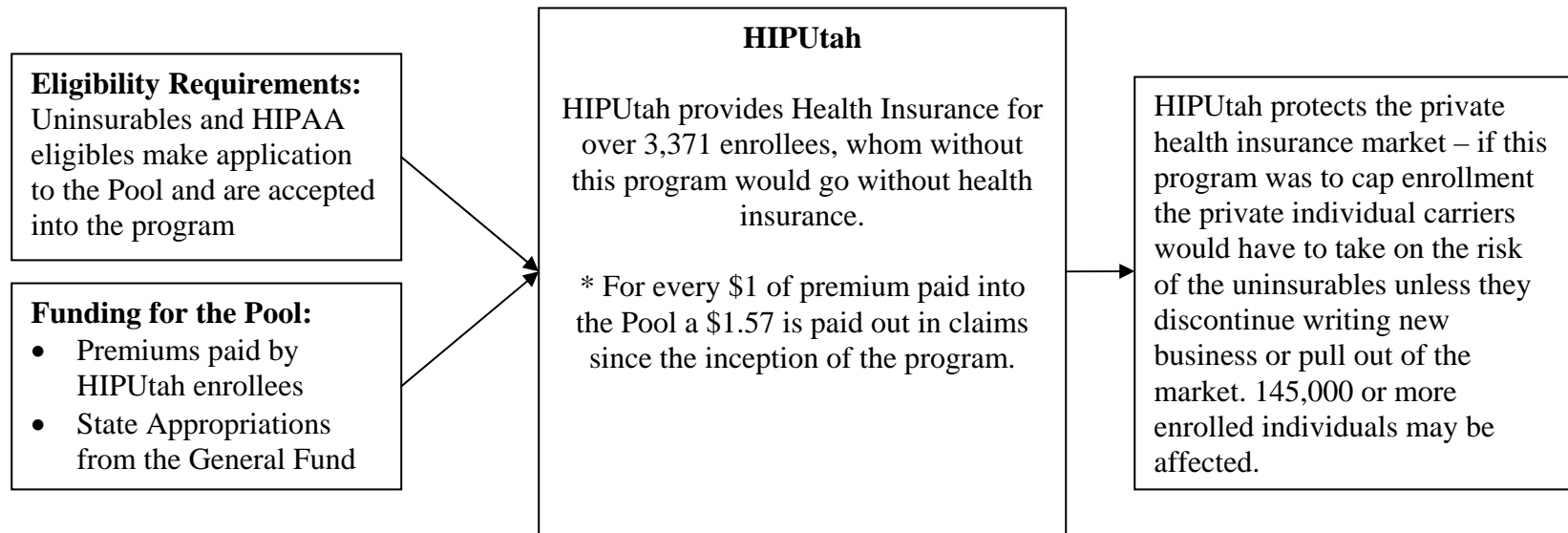
TOMI JEAN OSSANA , Executive Director HIPUtah	JESSE LIDDELL , HIPUtah Coordinator SelectHealth (Administrator)
JIM MURRAY , HIPUtah Program Manager SelectHealth (Administrator)	PERRI ANN BABALIS , Asst. Attorney General Office of the Attorney General (Counsel to Board)
TROY PRITCHETT, FSA, MAAA Milliman, Inc. (HIPUtah Consulting Actuary)	JEROME FLOERKE , Senior Underwriter Equitable Life & Casualty Insurance Company (Underwriting Auditor)

APPENDIX II

HIPUTAH'S INTERACTION WITH STATE GOVERNMENT



Under state law Utah residents have the guaranteed right to purchase Individual health insurance regardless of income or health status. The private individual market takes the healthy and HIPUtah takes the uninsurables based on the health underwriting criteria set by the Pool.



APPENDIX III

- Exhibit A – HIPUtah Geographic Profile by County
- Exhibit B – HIPUtah Enrollment by Medical Condition/Disease
- Exhibit C – HIPUtah Annual Family Household Income Analysis
- Exhibit D – HIPUtah Enrollment by Male/Female by Age
- Exhibit E – HIPUtah Enrollment by Age
- Exhibit F – HIPUtah Member Months by Fiscal Year
- Exhibit G – HIPUtah Utilization Report

Administered by SelectHealth

Exhibit A

HIPUtah Geographic Profile by County

Enrollment as of: 06/30/2008

Report ID: HIP100

County	Enrollee Count	Percent of Total	County Population*	Percent of Total
Beaver	15	0.41%	6,090	0.23%
Box Elder	46	1.27%	47,846	1.81%
Cache	136	3.76%	108,887	4.12%
Carbon	25	0.69%	19,634	0.74%
Daggett	5	0.14%	927	0.04%
Davis	332	9.17%	288,146	10.89%
Duchesne	32	0.88%	16,216	0.61%
Emery	8	0.22%	10,399	0.39%
Garfield	5	0.14%	4,529	0.17%
Grand	18	0.50%	9,023	0.34%
Iron	58	1.60%	43,526	1.65%
Juab	9	0.25%	9,604	0.36%
Kane	17	0.47%	6,523	0.25%
Millard	10	0.28%	11,949	0.45%
Morgan	14	0.39%	8,357	0.32%
Other	23	0.64%	0	0.00%
Piute	3	0.08%	1,341	0.05%
Rich	9	0.25%	2,094	0.08%
Salt Lake	1,413	39.02%	1,009,518	38.16%
San Juan	12	0.33%	14,484	0.55%
Sanpete	20	0.55%	24,644	0.93%
Sevier	21	0.58%	19,702	0.74%
Summit	147	4.06%	35,541	1.34%
Tooele	24	0.66%	54,914	2.08%
Uintah	55	1.52%	29,042	1.10%
Utah	629	17.37%	483,702	18.29%
Wasatch	60	1.66%	20,535	0.78%
Washington	270	7.46%	133,791	5.06%
Wayne	11	0.30%	2,520	0.10%
Weber	194	5.36%	221,846	8.39%
Totals	3,621	100.00%	2,645,330	100.00%

* Estimated Population as of July 1, 2007 (Source U.S. Census Bureau)

Exhibit A

Geographic Distribution by County

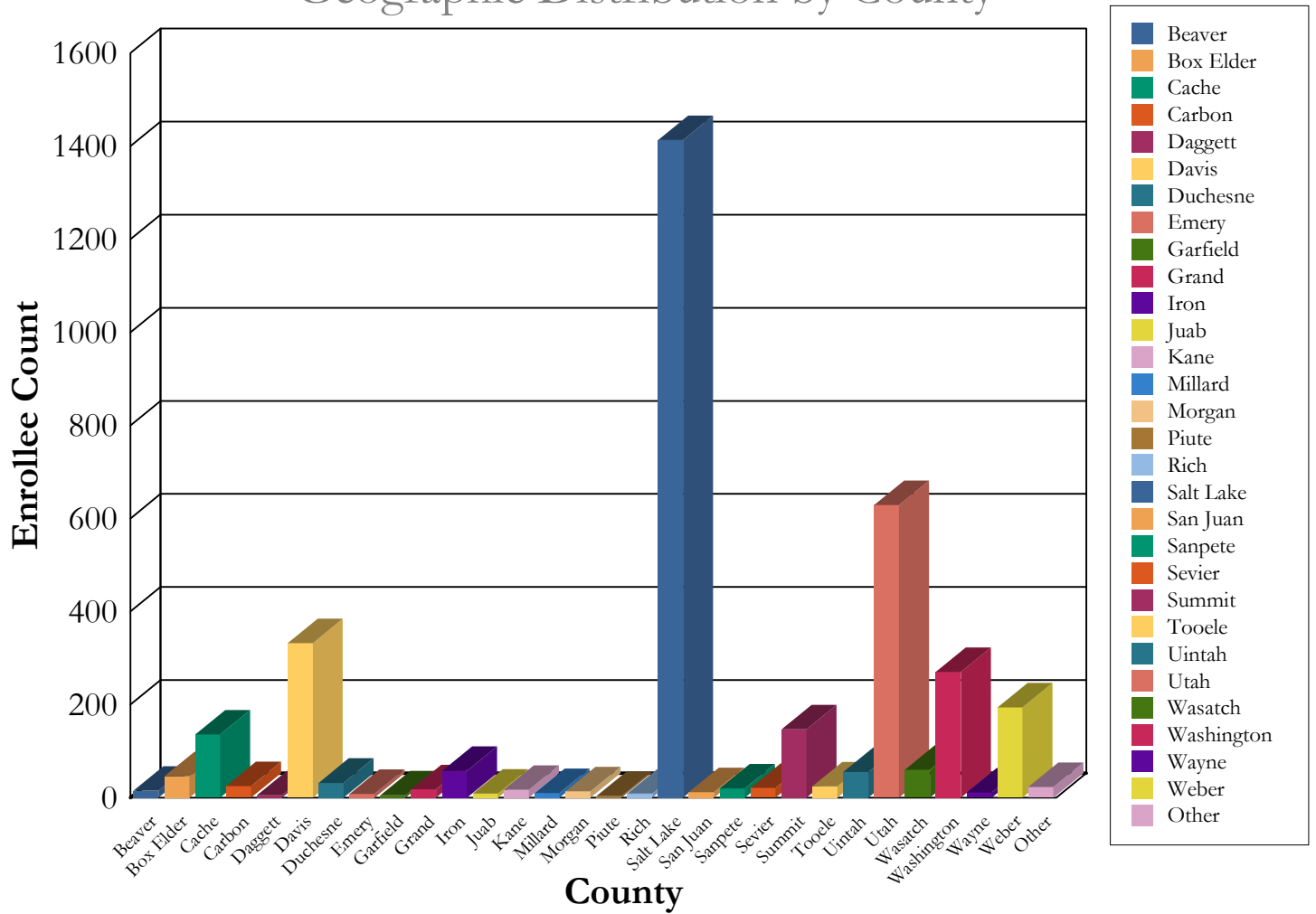


Exhibit B**HIPUtah Enrollment by Medical Condition/Disease**

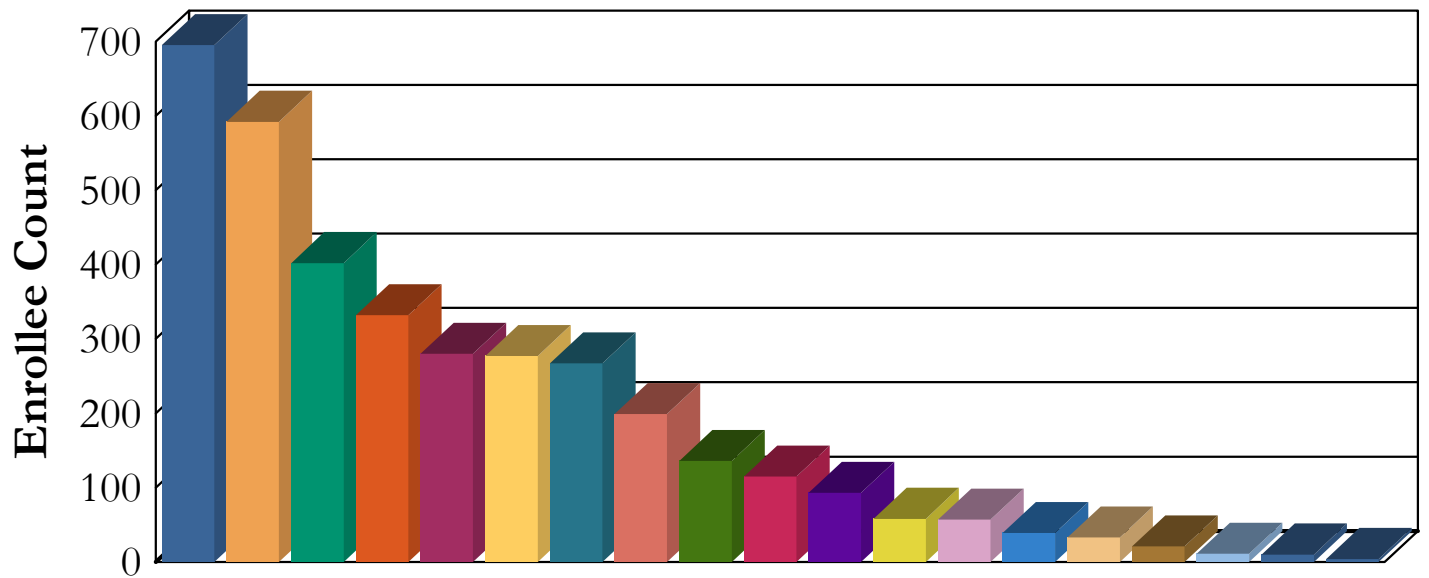
Enrollment as of: 06/30/2008

Report ID: HIP101

Condition/Disease	Enrollee Count	Percent of Total
MUSCULOSKELETAL SYSTEM	695	19.19%
IMMUNITY SYSTEMS	592	16.35%
CIRCULATORY SYSTEM	402	11.10%
MENTAL DISORDERS	332	9.17%
GENITOURINARY SYSTEM	280	7.73%
NEOPLASMS	277	7.65%
DIGESTIVE SYSTEM	267	7.37%
NERVOUS SYSTEM	199	5.50%
ILL DEFINED CONDITIONS	136	3.76%
CONGENITAL ANOMALIES	115	3.18%
RESPIRATORY SYSTEM	93	2.57%
INFECTIOUS DISEASES	58	1.60%
INJURY AND POISONING	57	1.57%
BLOOD & BLOOD FORMING ORGANS	39	1.08%
V CODES	33	0.91%
SKIN & SUBCUTANEOUS TISSUE	21	0.58%
OTHER	11	0.30%
CONDITIONS IN PERINATAL PERIOD	10	0.28%
PREGNANCY / CHILDBIRTH	4	0.11%
Total	3,621	

Exhibit B

HIPUtah Enrollment by Medical Condition/Disease



Condition/Disease

MUSCULOSKELETAL SYSTEM	IMMUNITY SYSTEMS	CIRCULATORY SYSTEM	MENTAL DISORDERS
GENITOURINARY SYSTEM	NEOPLASMS	DIGESTIVE SYSTEM	NERVOUS SYSTEM
ILL DEFINED CONDITIONS	CONGENITAL ANOMALES	RESPIRATORY SYSTEM	INFECTIOUS DISEASES
INJURY AND POISONING	BLOOD & BLOOD FORMING ORGANS	V CODES	SKIN & SUBCUTANEOUS TISSUE
OTHER	CONDITIONS IN PERINATAL PERIOD	PREGNANCY / CHILDBIRTH	

Annual Income	Enrollee Count	Percent of Total
<u>\$0 to \$9,999</u>	274	7.57%
<u>\$10,000 to \$19,999</u>	325	8.98%
<u>\$20,000 to \$29,999</u>	381	10.52%
<u>\$30,000 to \$39,999</u>	445	12.29%
<u>\$40,000 to \$49,999</u>	374	10.33%
<u>\$50,000 to \$59,999</u>	291	8.04%
<u>\$60,000 to \$69,999</u>	252	6.96%
<u>\$70,000 to \$79,999</u>	211	5.83%
<u>\$80,000 to \$89,999</u>	143	3.95%
<u>\$90,000 to \$99,999</u>	118	3.26%
<u>\$100,000 to \$109,999</u>	130	3.59%
<u>\$110,000 to \$119,999</u>	47	1.30%
<u>\$120,000 to \$129,999</u>	65	1.80%
<u>\$130,000 to \$139,999</u>	39	1.08%
<u>\$140,000 to \$149,999</u>	28	0.77%
<u>\$150,000 Plus</u>	328	9.06%
<u>Unknown</u>	170	4.69%
Total	3,621	
Average Annual Household Income:	\$69,013	
Median Annual Household Income:	\$47,225	

Exhibit C

HIPUtah Annual Family Household Income Analysis

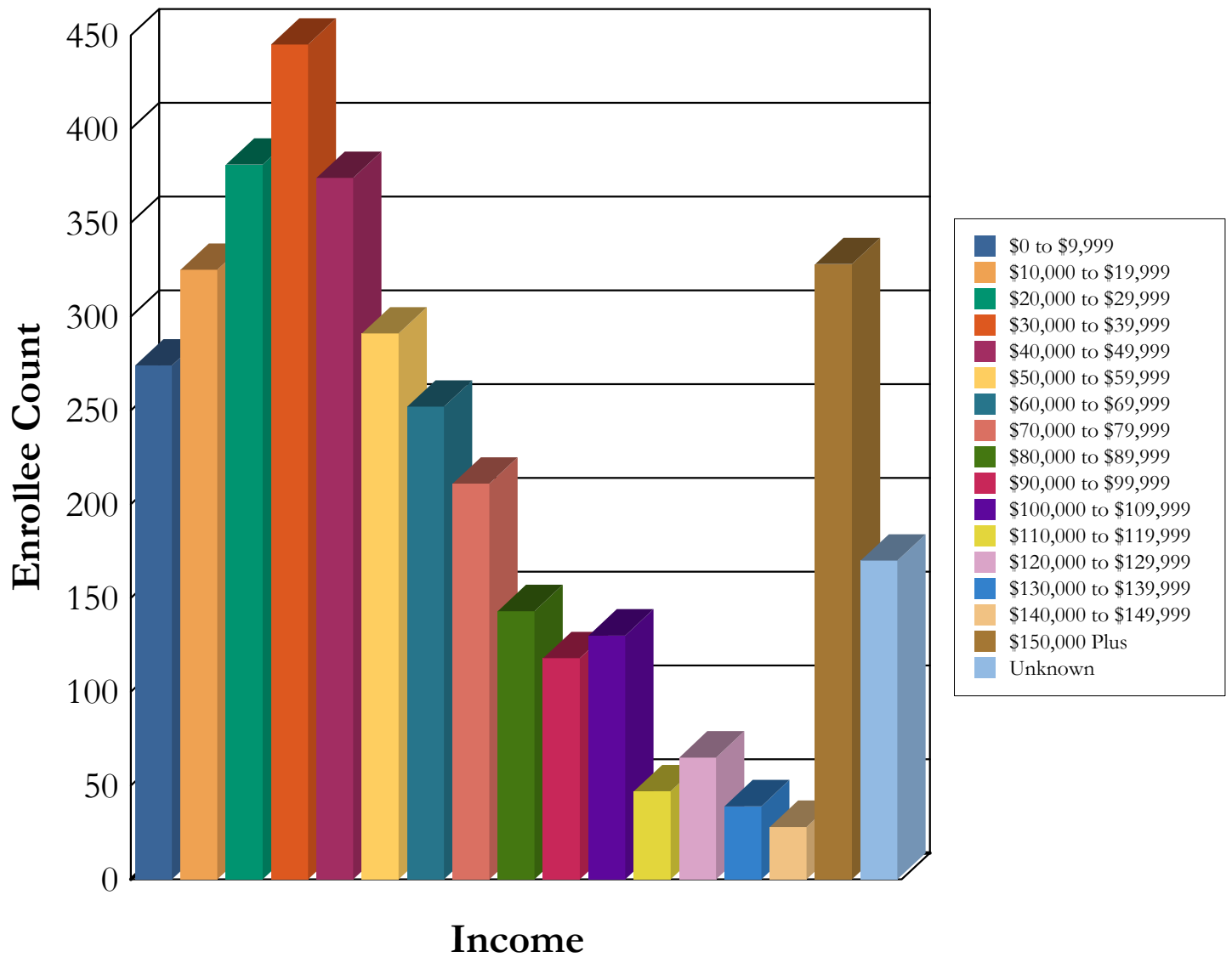


Exhibit D

HIPUtah Enrollment Male/Female by Age

Enrollment as of: 06/30/2008

Report ID: HIP103

Age Group	Gender	Enrollee Count	Percent of Total
00 - 02	Female	17	0.47%
	Male	17	0.47%
		34	0.94%
03 - 12	Female	69	1.91%
	Male	88	2.43%
		157	4.34%
13 - 19	Female	65	1.80%
	Male	62	1.71%
		127	3.51%
20 - 25	Female	81	2.24%
	Male	57	1.57%
		138	3.81%
26 - 30	Female	158	4.36%
	Male	88	2.43%
		246	6.79%
31 - 35	Female	142	3.92%
	Male	72	1.99%
		214	5.91%
36 - 40	Female	146	4.03%
	Male	89	2.46%
		235	6.49%
41 - 45	Female	159	4.39%
	Male	101	2.79%
		260	7.18%
46 - 50	Female	210	5.80%
	Male	159	4.39%
		369	10.19%
51 - 55	Female	271	7.48%
	Male	226	6.24%
		497	13.73%
56 - 60	Female	411	11.35%
	Male	273	7.54%
		684	18.89%
61 - 64	Female	422	11.65%
	Male	231	6.38%
		653	18.03%
65 Plus	Female	4	0.11%
	Male	3	0.08%
		7	0.19%
Total		3,621	

Female 2,155 59.51%

Male 1,466 40.49%

Exhibit D

HIPUtah Enrollment Female/Male by Age

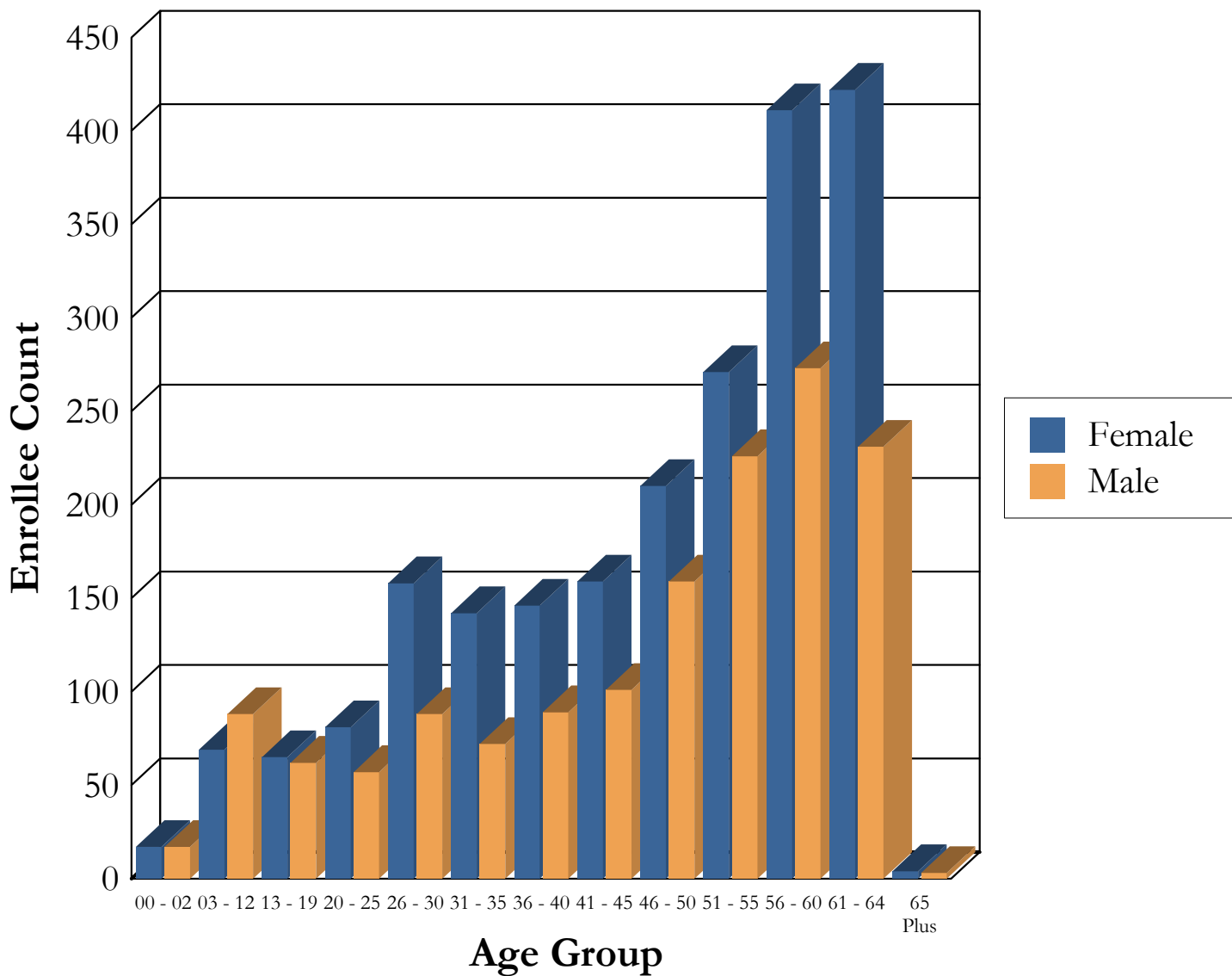


Exhibit E**HIPUtah Enrollment by Age**

Enrollment as of: 06/30/2008

Report ID: HIP104

Age Group	Enrollee Count	Enrollee Count
00 - 02	34	0.94%
03 - 12	157	4.34%
13 - 19	127	3.51%
20 - 25	138	3.81%
26 - 30	246	6.79%
31 - 35	214	5.91%
36 - 40	235	6.49%
41 - 45	260	7.18%
46 - 50	369	10.19%
51 - 55	497	13.73%
56 - 60	684	18.89%
61 - 64	653	18.03%
65 Plus	7	0.19%
Total	3,621	

Exhibit E

HIPUtah Enrollment by Age

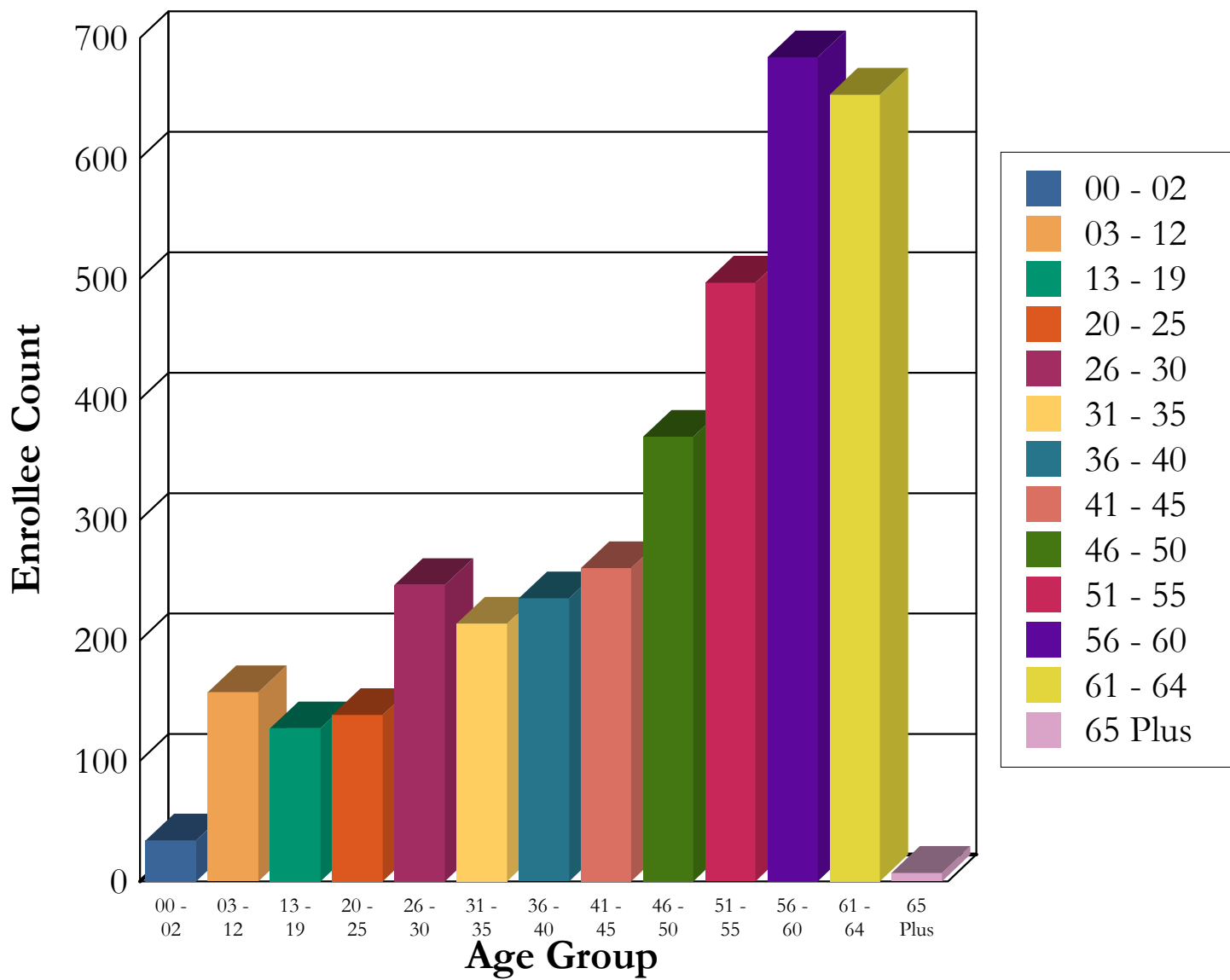


Exhibit F**HIPUtah Member Months by Fiscal Year**

Enrollment From: 07/01/2007

Enrollment To: 06/30/2008

Report ID: HIP105

Fiscal Year	Member Months
1992	2,518
1993	5,440
1994	6,936
1995	8,071
1996	8,425
1997	7,577
1998	9,113
1999	10,924
2000	12,001
2001	15,507
2002	22,006
2003	28,850
2004	34,542
2005	36,383
2006	37,661
2007	39,970
2008	42,148
Total	328,072

Exhibit F

Member Months by Fiscal Year

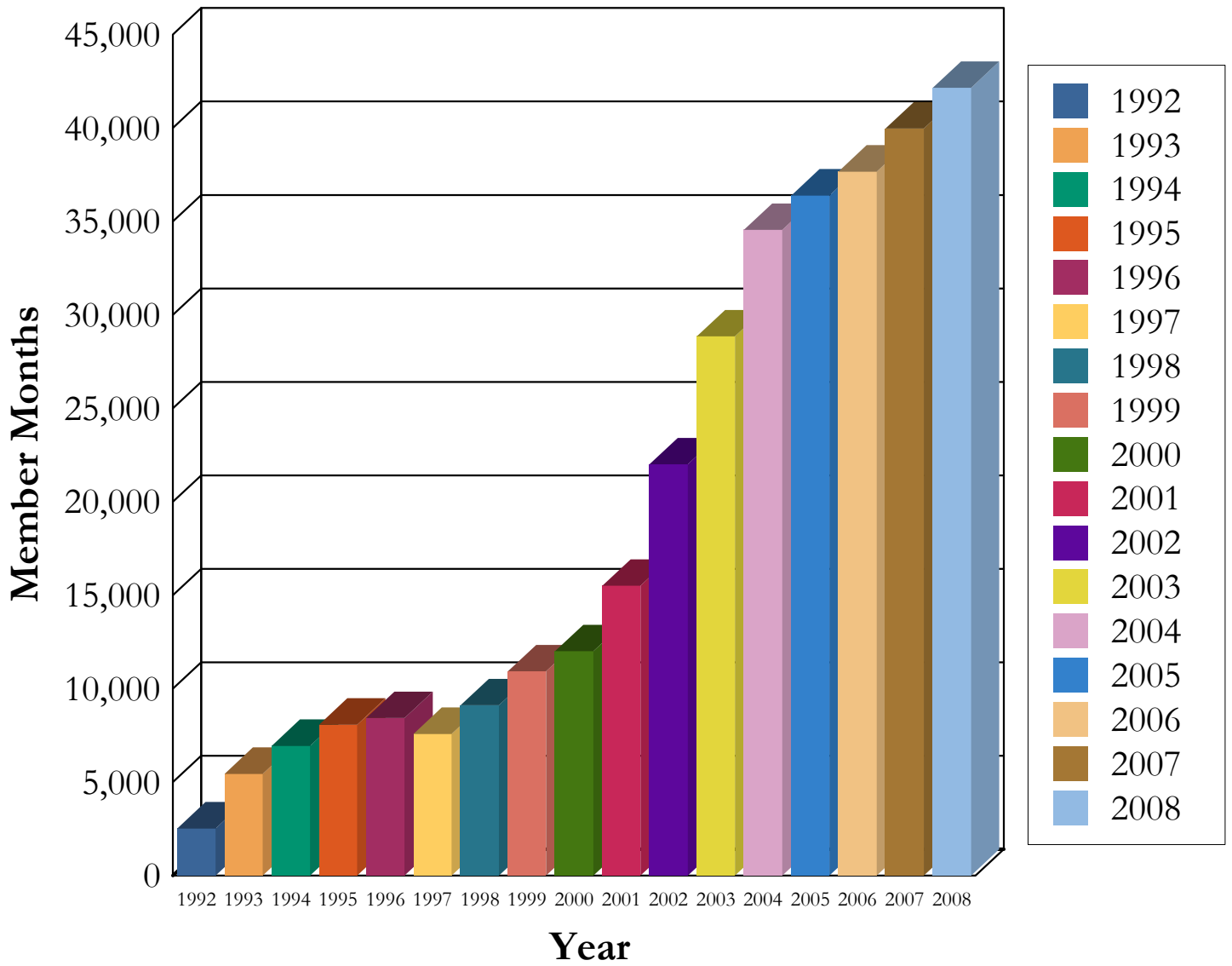
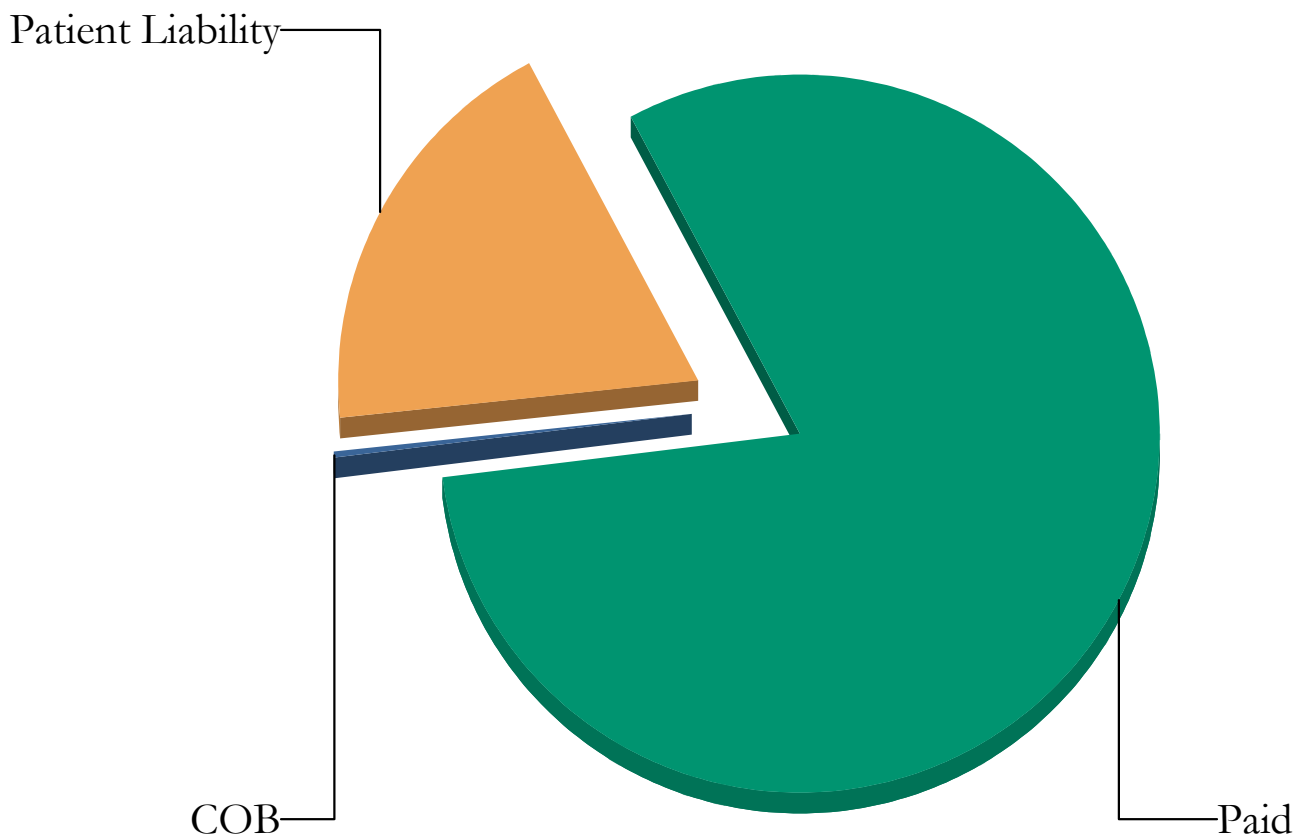


Exhibit G Utilization Report
HIPUtah Payment Analysis

Incurred: 07/01/2007 to 06/30/2008
Paid: 07/01/2007 to 10/18/2008
Report ID: HIP106

SUBMITTED CHARGES		\$43,764,060	
CONTRACT MAXIMUM	\$2,703,219		
NOT A BENEFIT	\$210,395		
PATIENT NOT ELIGIBLE	\$1,693,495		
PRENOTIFICATION	\$75,837		
MEDICAL NECESSITY	\$7,418		
PRE-EXIST CONDITION	\$369,479		
MEDICAL POLICY	\$173,823		
IMPROPER CLAIM FILING	\$339,189		
EXCESSIVE CHARGE	\$11,203,313		
DUPLICATE CLAIM	\$1,742,382		
Total Administrative/Provider Savings		\$18,518,551	
ALLOWED CHARGES		\$25,181,676	
Patient Liability (Coinsurance, Deductible, Etc)	\$4,791,958	19%	
COB	\$48,984	0%	
TOTAL PAID		\$20,340,734	
		81%	

HIPUtah Payment Analysis



<div></div>	COB	0.2%
<div></div>	Patient Liability	19.0%
<div></div>	Paid	80.8%
	Total:	100.0%

HIPUtah**Large Claims Summary by Enrollee****Incurred 07/01/2007 To 06/30/2008****Paid 07/01/2007 To 10/18/2008****Paid claims Accumulated Greater than \$75,000, Medical Only**

Dollars	Major Diagnosis
\$510,035	NERVOUS SYSTEM
\$340,860	IMMUNITY SYSTEMS
\$328,685	INJURY AND POISONING
\$228,156	BLOOD & BLOOD FORMING ORGANS
\$213,149	GENITOURINARY SYSTEM
\$198,521	NERVOUS SYSTEM
\$189,243	NERVOUS SYSTEM
\$178,324	BLOOD & BLOOD FORMING ORGANS
\$154,357	NERVOUS SYSTEM
\$151,739	INFECTIOUS DISEASES
\$148,088	NEOPLASMS
\$147,756	ILL DEFINED CONDITIONS
\$147,192	INJURY AND POISONING
\$145,757	IMMUNITY SYSTEMS
\$137,760	BLOOD & BLOOD FORMING ORGANS
\$136,160	INFECTIOUS DISEASES
\$135,178	MUSCULOSKELETAL SYSTEM
\$122,361	NEOPLASMS
\$119,526	MENTAL DISORDERS
\$114,983	NEOPLASMS
\$114,866	MUSCULOSKELETAL SYSTEM
\$111,325	GENITOURINARY SYSTEM
\$110,357	ILL DEFINED CONDITIONS
\$110,156	IMMUNITY SYSTEMS
\$106,397	NEOPLASMS
\$101,011	BLOOD & BLOOD FORMING ORGANS
\$97,481	NEOPLASMS
\$93,819	GENITOURINARY SYSTEM
\$93,791	V CODES
\$93,737	INJURY AND POISONING
\$93,635	CIRCULATORY SYSTEM
\$92,591	MUSCULOSKELETAL SYSTEM
\$91,650	NEOPLASMS
\$91,537	DIGESTIVE SYSTEM
\$88,257	MUSCULOSKELETAL SYSTEM
\$86,659	CIRCULATORY SYSTEM
\$83,811	NEOPLASMS
\$81,561	CIRCULATORY SYSTEM
\$81,171	CIRCULATORY SYSTEM
\$79,910	NEOPLASMS
\$77,682	ILL DEFINED CONDITIONS
\$77,558	MUSCULOSKELETAL SYSTEM
\$76,900	NEOPLASMS
Total Large Claims:	\$5,983,695
Members:	43

HIPUtah Top Injectable Drugs

Incurred 07/01/2007 To 06/30/2008

Paid 07/01/2007 To 10/18/2008

Top 40 Drugs

Code	Description	Count	Average Paid	Total Paid
J0180	INJECTION, PEMETREXED, 10 MG	17	\$19,438	\$330,451
J1438	ETANERCEPT INJECTION	205	\$1,451	\$297,369
J7192	FACTOR VIII RECOMBINANT	10	\$22,816	\$228,156
J9355	TRASTUZUMAB	36	\$5,247	\$188,882
J1825	INTERFERON BETA-1A	103	\$1,562	\$160,869
J9310	RITUXIMAB CANCER TREATMENT	16	\$9,921	\$158,736
J1745	INFLIXIMAB INJECTION	58	\$2,597	\$150,614
J1785	INJECTION IMIGLUCERASE /UNIT	6	\$24,209	\$145,252
J7190	FACTOR VIII	8	\$17,111	\$136,889
Q3026	INJECTION, INTERFERON BETA-1A, 11 MCG FOR SUBCUTAN	54	\$2,166	\$116,955
J2505	INJECTION, PEGFILGRASTIM, 6 MG	31	\$3,748	\$116,180
J7195	FACTOR IX (ANTIHEMOPHILIC FACTOR, RECOMBINANT) PI	6	\$17,218	\$103,310
J1595	INJECTION, GLATIRAMER ACETATE, 20 MG	53	\$1,708	\$90,514
J0135	INJECTION, ADALIMUMAB, 20 MG	52	\$1,711	\$88,951
Q4079	INJECTION, NATALIZUMAB, 1 MG	37	\$2,403	\$88,894
J2941	INJECTION, SOMATROPIN, 1 MG	32	\$2,755	\$88,158
J1830	INTERFERON BETA-1B / .25 MG	41	\$1,756	\$71,982
J0881	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (NON-ESR	63	\$924	\$58,227
J0882	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (FOR ESRI	54	\$933	\$50,398
J1566	INJECTION, IMMUNE GLOBULIN, INTRAVENOUS, LYOPHIL	15	\$3,291	\$49,363
J1567	INJECTION, IMMUNE GLOBULIN, INTRAVENOUS, NON-LYC	15	\$3,016	\$45,236
J2469	INJECTION, PALONOSETRON HCL, 25 MCG	137	\$328	\$44,997
J9170	DOCETAXEL	10	\$3,715	\$37,149
S0145	INJECTION, PEGYLATED INTERFERON ALFA-2A, 180 MCG P	23	\$1,485	\$34,165
J3487	INJECTION, ZOLEDRONIC ACID, 1 MG	29	\$1,135	\$32,911
J9001	DOXORUBICIN HCL LIPOSOME INJ	18	\$1,728	\$31,108
J1440	FILGRASTIM 300 MCG INJECTON	97	\$316	\$30,698
J7189	FACTOR VIIA (ANTIHEMOPHILIC FACTOR, RECOMBINANT)	1	\$27,651	\$27,651
J9035	INJECTION, BEVACIZUMAB, 10 MG	12	\$2,171	\$26,057
J1950	LEUPROLIDE ACETATE /3.75 MG	27	\$888	\$23,983
J1815	INJECTION, INSULIN, PER 5 UNITS	62	\$342	\$21,205
J9265	PACLITAXEL INJECTION	25	\$607	\$15,177
J1441	FILGRASTIM 480 MCG INJECTION	25	\$579	\$14,477
J2353	INJECTION, OCTREOTIDE, DEPOT FORM FOR INTRAMUSCU	2	\$6,765	\$13,529
A9500	TECHNETIUM TC 99M SESTAMIBI	107	\$126	\$13,529
J9041	INJECTION, BORTEZOMIB, 0.1 MG	6	\$2,236	\$13,418
J9390	VINORELBINE TARTRATE/10 MG	24	\$531	\$12,751
J2916	INJECTION, SODIUM FERRIC GLUCONATE COMPLEX IN SU	31	\$411	\$12,743
J3490	DRUGS UNCLASSIFIED INJECTION	70	\$180	\$12,630
J2997	ALTEPLASE RECOMBINANT	18	\$691	\$12,439
Total Top 40 Drugs		1,636		\$3,196,000
Total Injectable Drugs		4,822		\$3,497,776

HIPUtah
Utilization by Benefit

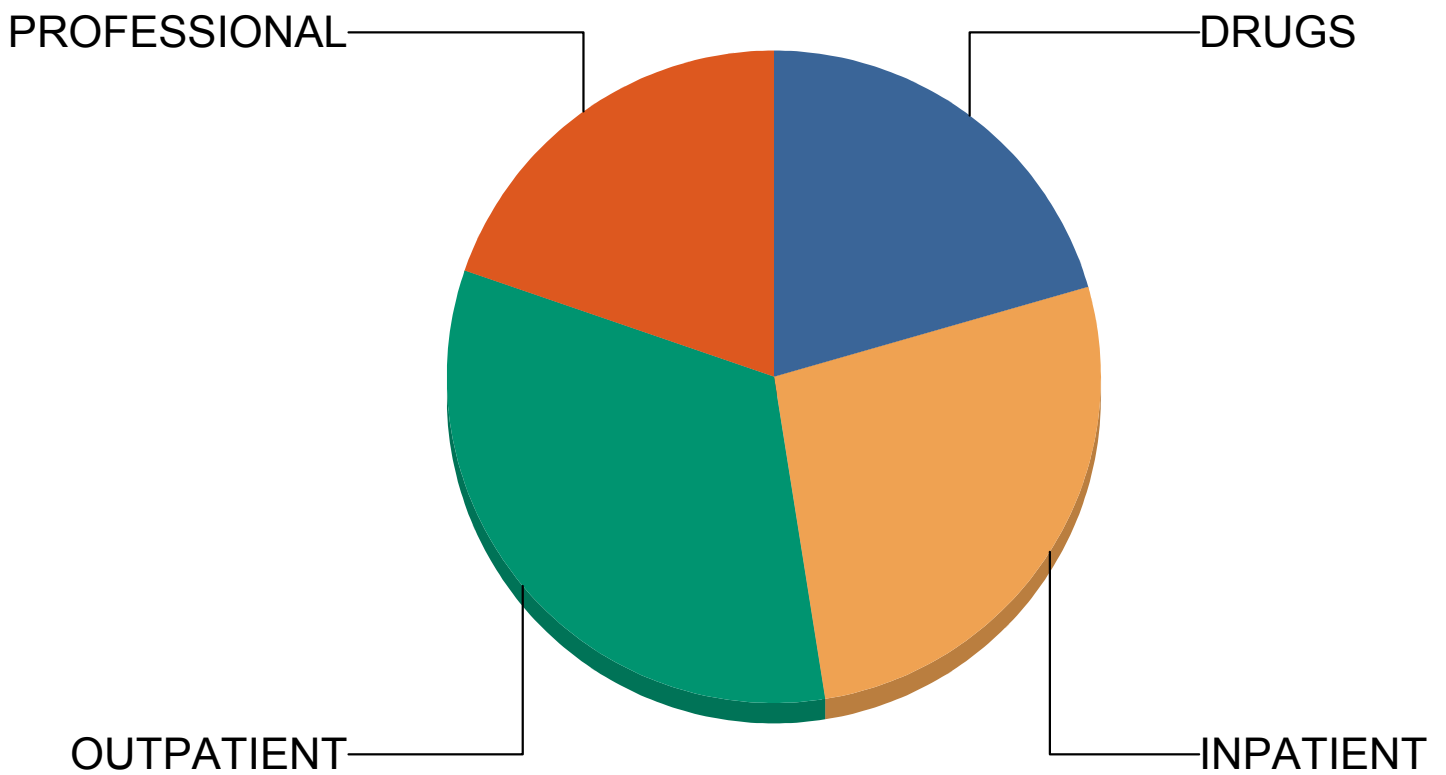
Incurred 07/01/2007 To 06/30/2008

Paid 07/01/2007 To 10/18/2008

Category	Claims	Paid	Percent of Total	Cost Per Member Month
INPATIENT	563	\$6,949,665	27%	\$167
OUTPATIENT	16,573	\$8,340,285	33%	\$200
PROFESSIONAL	33,037	\$5,050,753	20%	\$121
DRUGS	71,561	\$5,221,790	20%	\$125
Total	121,734	\$25,562,492		

HIPUtah

Utilization by Benefit



DRUGS	20.4%
INPATIENT	27.2%
OUTPATIENT	32.6%
PROFESSIONAL	19.8%
Total:	100.0%

HIPUtah

Inpatient Utilization

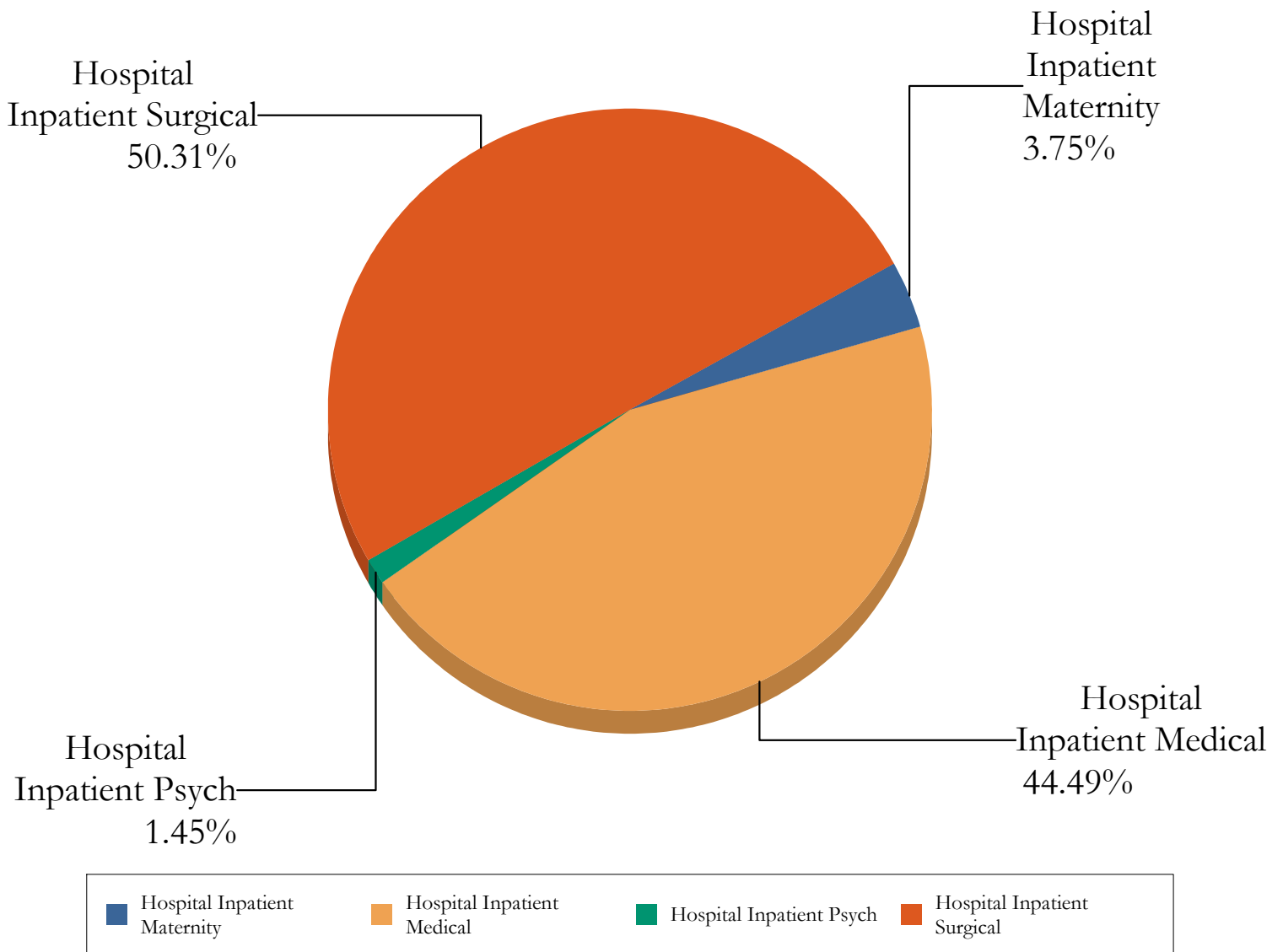
Incurred 07/01/2007 To 06/30/2008

Paid 07/01/2007 To 10/18/2008

Categories	Admits	Days	Enrollees	Average LOS	Average Paid per Admit	Total Paid		Paid PMPM
Hospital Inpatient Medical	356	1,812	200	5	\$8,686	\$3,092,175	44.49%	\$74.31
Hospital Inpatient Surgical	202	1,134	148	6	\$17,309	\$3,496,438	50.31%	\$84.03
Hospital Inpatient Maternity	80	195	76	2	\$3,257	\$260,543	3.75%	\$6.26
Hospital Inpatient Psych	24	111	20	5	\$4,188	\$100,509	1.45%	\$2.42
Total	662	3,252		5	\$10,498	\$6,949,665		\$167
Admissions per 1,000 enrollees:					191			
Days per 1,000 enrollees:					938			
Average cost per admission:					\$10,498			
Average cost per day:					\$2,137.04			

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Inpatient Utilization



HIPUtah

Outpatient Utilization

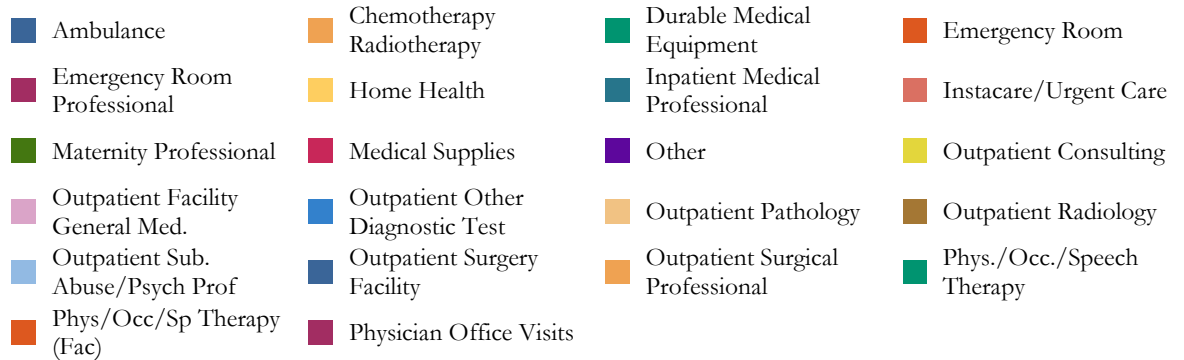
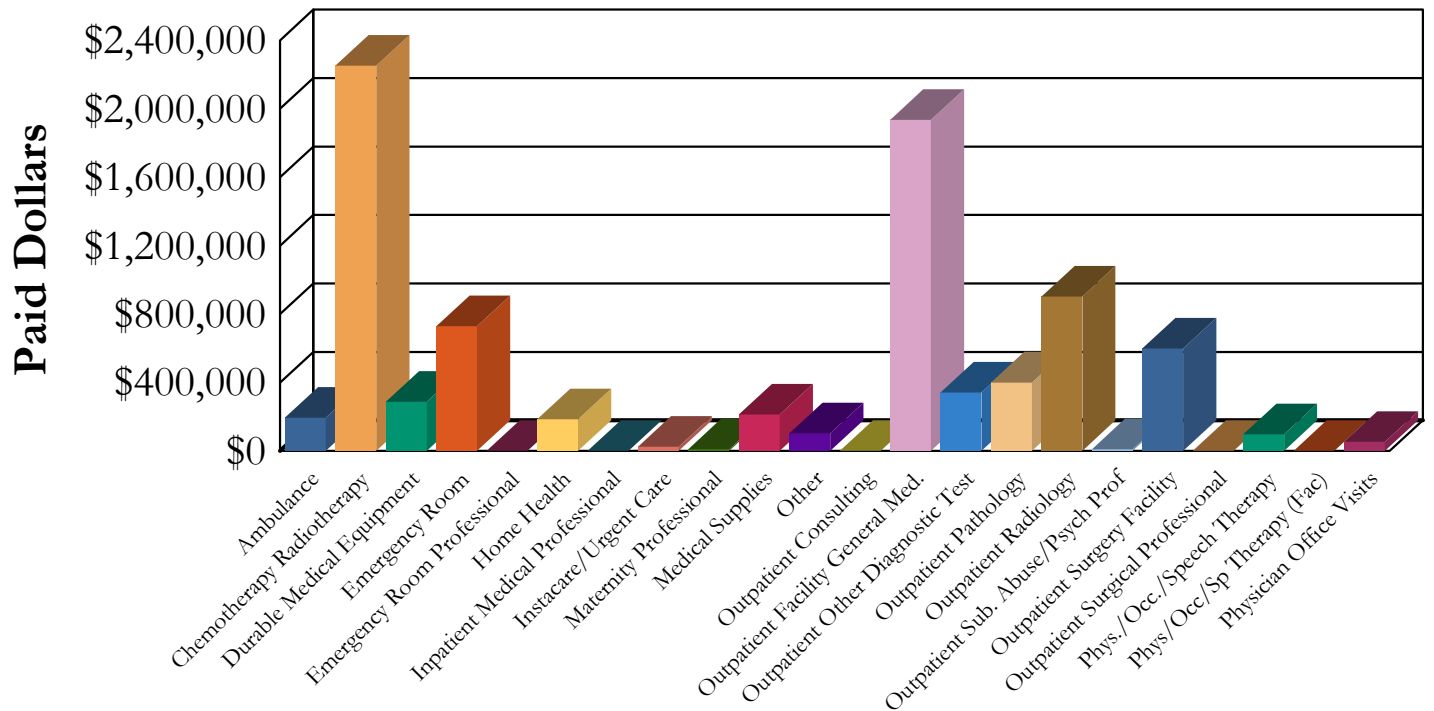
Incurred 07/01/2007 To 06/30/2008

Paid 07/01/2007 To 10/18/2008

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	1,504	1,441	\$287,742	3%	\$200	\$6.92
Emergency Room	2,131	944	\$729,584	9%	\$773	\$17.53
Instacare/Urgent Care	736	712	\$24,942	0%	\$35	\$0.60
Ambulance	163	155	\$195,213	2%	\$1,259	\$4.69
Physician Office Visits	787	692	\$53,007	1%	\$77	\$1.27
Inpatient Medical Professional	8	8	\$354	0%	\$44	\$0.01
Emergency Room Professional	6	6	\$685	0%	\$114	\$0.02
Outpatient Surgical Professional	9	9	\$597	0%	\$66	\$0.01
Maternity Professional	198	196	\$11,032	0%	\$56	\$0.27
Outpatient Sub. Abuse/Psych Prof	6	5	\$9,529	0%	\$1,906	\$0.23
Outpatient Pathology	7,231	7,059	\$400,340	5%	\$57	\$9.62
Outpatient Radiology	2,787	2,702	\$902,307	11%	\$334	\$21.68
Outpatient Other Diagnostic Test	962	856	\$341,081	4%	\$398	\$8.20
Outpatient Surgery Facility	1,241	868	\$598,531	7%	\$690	\$14.38
Outpatient Facility General Med.	2,271	1,939	\$1,934,659	23%	\$998	\$46.50
Chemotherapy Radiotherapy	1,019	986	\$2,252,295	27%	\$2,284	\$54.13
Outpatient Consulting	8	8	\$0	0%	\$0	\$0.00
Medical Supplies	1,087	1,086	\$212,287	3%	\$195	\$5.10
Phys./Occ./Speech Therapy	382	369	\$97,820	1%	\$265	\$2.35
Phys/Occ/Sp Therapy (Fac)	12	12	\$1,169	0%	\$97	\$0.03
Home Health	377	338	\$184,497	2%	\$546	\$4.43
Other	302	299	\$102,615	1%	\$343	\$2.47
Total	23,227	20,690	\$8,340,285		\$403	\$200

HIPUtah

Outpatient Utilization



HIPUtah

Professional Utilization

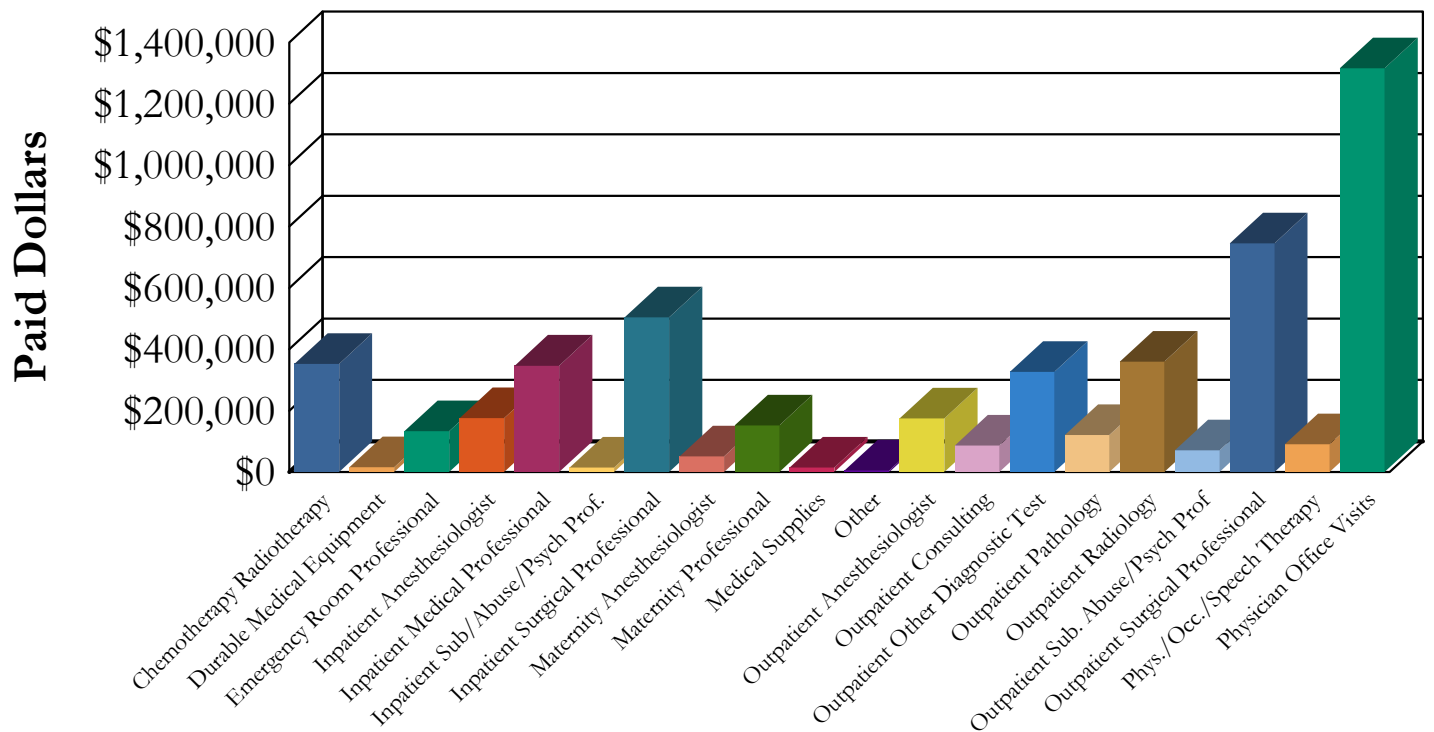
Incurred 07/01/2007 To 06/30/2008

Paid 07/01/2007 To 10/18/2008

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	141	141	\$15,712	0%	\$111	\$0.38
Physician Office Visits	19,080	16,879	\$1,315,393	26%	\$78	\$31.61
Inpatient Medical Professional	2,095	1,410	\$346,466	7%	\$246	\$8.33
Inpatient Surgical Professional	436	292	\$503,402	10%	\$1,724	\$12.10
Inpatient Anesthesiologist	227	208	\$175,321	3%	\$843	\$4.21
Inpatient Sub/Abuse/Psych Prof.	87	82	\$14,682	0%	\$179	\$0.35
Emergency Room Professional	852	800	\$133,364	3%	\$167	\$3.21
Outpatient Surgical Professional	3,413	2,909	\$745,244	15%	\$256	\$17.91
Outpatient Anesthesiologist	401	394	\$174,364	3%	\$443	\$4.19
Maternity Professional	389	343	\$151,385	3%	\$441	\$3.64
Maternity Anesthesiologist	108	78	\$50,464	1%	\$647	\$1.21
Outpatient Sub. Abuse/Psych Prof	1,314	1,308	\$70,529	1%	\$54	\$1.70
Outpatient Pathology	5,407	5,250	\$120,611	2%	\$23	\$2.90
Outpatient Radiology	4,124	3,970	\$359,422	7%	\$91	\$8.64
Outpatient Other Diagnostic Test	2,591	2,382	\$326,494	6%	\$137	\$7.85
Chemotherapy Radiotherapy	379	378	\$352,081	7%	\$931	\$8.46
Outpatient Consulting	860	854	\$86,407	2%	\$101	\$2.08
Medical Supplies	243	243	\$14,593	0%	\$60	\$0.35
Phys./Occ./Speech Therapy	1,102	1,100	\$90,239	2%	\$82	\$2.17
Other	36	36	\$4,579	0%	\$127	\$0.11
Total	43,285	39,057	\$5,050,753		\$129	\$121

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Professional Utilization



HIPUtah

Drug Card Classification by Cost

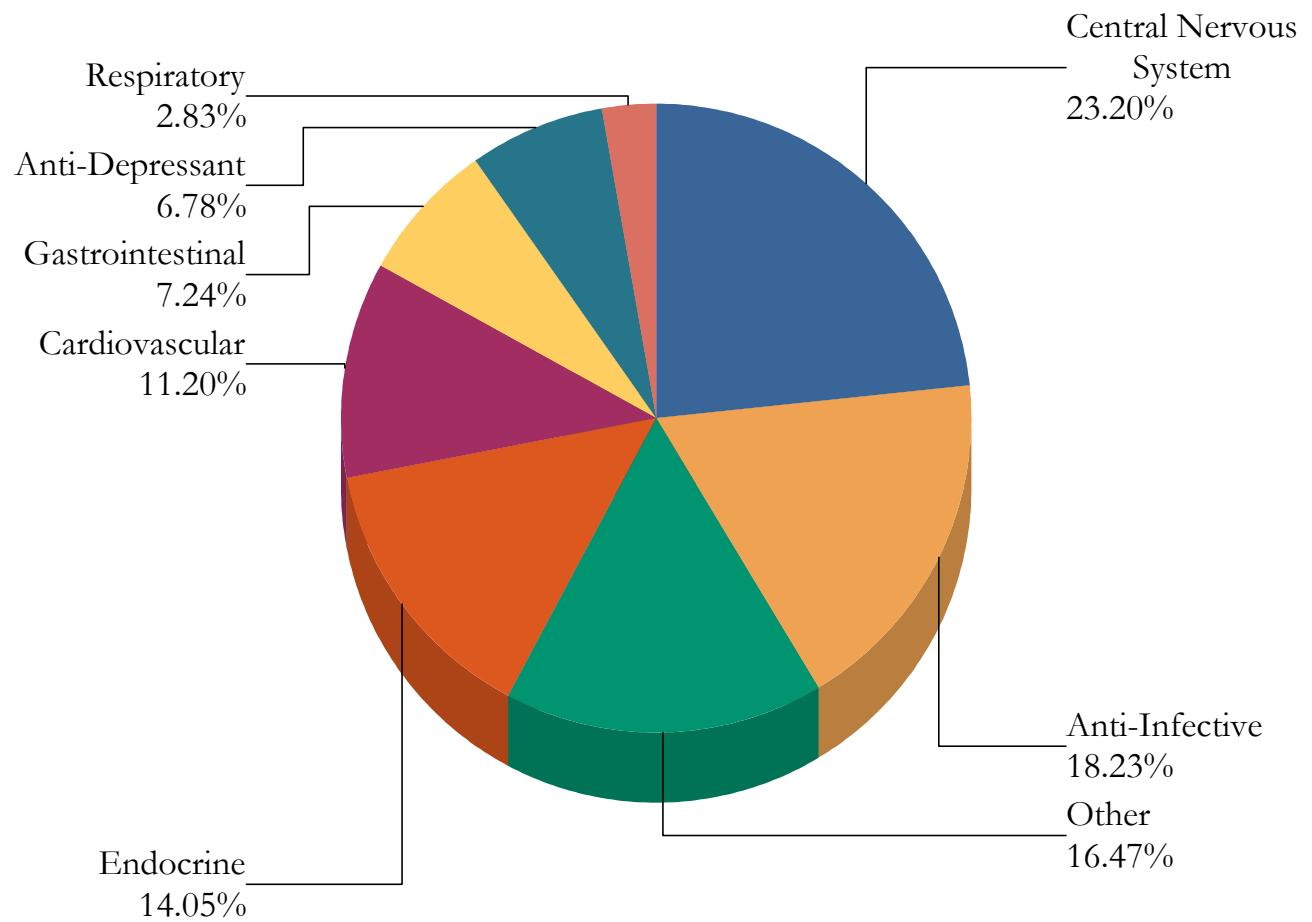
Incurred 07/01/2007 To 06/30/2008

Paid 07/01/2007 To 10/18/2008

Rank	Category	Count	Paid Amount	Percent
1	Central Nervous System	26,391	\$1,211,376.73	23.20%
2	Anti-Infective	8,317	\$951,903.22	18.23%
3	Other	17,141	\$860,058.83	16.47%
4	Endocrine	16,208	\$733,870.28	14.05%
5	Cardiovascular	20,105	\$584,857.30	11.20%
6	Gastrointestinal	5,799	\$377,908.70	7.24%
7	Anti-Depressant	10,140	\$354,020.62	6.78%
8	Respiratory	2,118	\$147,794.39	2.83%
Total		106,219	5,221,790.07	

HIPUtah

Drug Card Classification by Cost



HIPUtah
Utilization by Age - Medical Only

Incurred 07/01/2007 To 06/30/2008
Paid 07/01/2007 To 10/18/2008

Age Range	Member Months	Claims		Dollars Paid	
00-09	1,290	1,567	2.9%	478,945	2.4%
10-19	1,881	1,750	3.2%	949,917	4.7%
20-29	3,656	4,839	8.9%	1,569,269	7.7%
30-39	5,124	6,337	11.7%	2,110,554	10.4%
40-49	6,840	9,198	16.9%	3,744,006	18.4%
50-59	12,567	17,517	32.2%	6,357,853	31.3%
60-99	10,789	13,174	24.2%	5,130,191	25.2%
Total	42,147	54,382		\$20,340,734	

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Utilization by Age

